

**OREGON  
ENVIRONMENTAL QUALITY  
COMMISSION MEETING  
MATERIALS 12/10/1993**



**State of Oregon  
Department of  
Environmental  
Quality**

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# A G E N D A

## ENVIRONMENTAL QUALITY COMMISSION MEETING

December 10, 1993  
DEQ Conference Room 3A  
811 S. W. Sixth Avenue  
Portland, Oregon

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### **Friday, December 10, 1993: Work Session beginning at 8:30 a.m.**

1. Work Session: Portland Central City Transportation Plan/Portland Carbon Monoxide Maintenance Plan

### **Regular Business Meeting beginning after the Work Session** **(approximately 10:00 a.m.)**

#### *Notes:*

*Because of the uncertain length of time needed for each agenda item, the Commission may deal with any item at any time in the meeting. If an item is marked with a double asterisk (e.g. \*\*F.), the item is scheduled for a specific time, and an effort will be made to consider that item as close to that time as possible. However, scheduled times may be modified if agreeable with participants. Anyone wishing to be heard or listen to the discussion on any item should arrive at the beginning of the meeting to avoid missing the item of interest.*

***Public Forum:** The Commission will break the meeting at approximately 11:30 a.m. for the Public Forum if there are people signed up to speak. The Public Forum is an opportunity for citizens to speak to the Commission on environmental issues and concerns not a part of the agenda for this meeting. Individual presentations will be limited to 5 minutes. The Commission may discontinue this forum after a reasonable time if an exceptionally large number of speakers wish to appear.*

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- A. Approval of Minutes
- B. Approval of Tax Credits
- C. †Rule Adoption: Proposed Revisions to Oregon Woodstove Certification Program (Division 34)
- D. †Rule Adoption: Uniform Application of Per Ton Solid Waste Disposal Fee

- E. Request by Laurelwood Mission Training Center for Waiver of Water Quality Permit Compliance Fee
- \*\* F. Proposed Adoption of State Integrated Resource and Solid Waste Management Plan -- **1:30 p.m.**  
*This item is scheduled for 1:30 p.m. and will be considered as close to that time as possible. Items listed later on the agenda may be taken ahead of this item if time permits.*
- G. Information Item: Improved Formatting and Accounting of Information Regarding the Time and Associated Costs for Performing Municipal Permit Work
- H. Information Item: Update on Environmental Equity Project
- I. Information Item: Implementation of OAR 340-41-470(1) which Prohibits Further Discharges to the Clackamas River, North Santiam River, and McKenzie River (above Hayden Bridge) Subbasins in order to Preserve Existing High Quality Waters for Municipal Water Supplies and Recreation
- J. Commission Members Reports (Oral)
- K. Director's Report (Oral)

*Hearings have already been held on the Rule Adoption items; therefore any testimony received will be limited to comments on changes proposed by the Department in response to hearing testimony. The Commission also may choose to question interested parties present at the meeting.*

*The Commission has set aside January 27-28, 1994, for their next meeting. The location has not been established.*

*Copies of staff reports for individual agenda items are available by contacting the Director's Office of the Department of Environmental Quality, 811 S. W. Sixth Avenue, Portland, Oregon 97204, telephone 229-5395, or toll-free 1-800-452-4011. Please specify the agenda item letter when requesting.*


*If special physical, language or other accommodations are needed for this meeting, please advise the Director's Office, (503)229-5395 (voice)/(503)229-6993 (TDD) as soon as possible but at least 48 hours in advance of the meeting.*

November 29, 1993

State of Oregon  
Department of Environmental Quality

Memorandum<sup>†</sup>

Date: November 23, 1993

To: Environmental Quality Commission  
From: Fred Hansen, Director   
Subject: Agenda Item 2, December 10, 1993, EQC Meeting

Central City Transportation Management Plan/Portland Carbon Monoxide  
Maintenance Plan--Informational

**Statement of Purpose**

The purpose of this report is to provide the Commission with information on the nature of the transportation related air quality problems in the Portland region, with a particular focus on a recent planning effort for the Central City, known as the Central City Transportation Management Plan (CCTMP). This report will also outline the next steps in the preparation of a carbon monoxide maintenance plan and attainment redesignation request to EPA which will be based on the CCTMP.

**Background**

Motor vehicles have been the primary contributors to carbon monoxide and ozone air pollution in the Portland area as shown in Attachment 1. Carbon monoxide sampling, which began in the late 1960's, indicated that several traffic intersections in downtown Portland had serious carbon monoxide problems. The national health standard was exceeded on approximately one out of every three days. Sampling for ozone, which began in 1975, indicated that a broad area of the region had an ozone problem. Peak ozone levels were nearly twice the national health standard level in 1976. In response to the Clean Air Act of 1970 and the 1977 amendments, a comprehensive strategy was developed and submitted to EPA as a part of the State Implementation Plan (Attachment 2). Significant initiatives in that plan included establishment of the Portland area motor vehicle inspection and maintenance testing program, maximum ratios of allowed parking spaces per square foot of new development, a ceiling on the amount of parking that could be built in the downtown area, and major improvements in the transit system. The parking ceiling was adopted by the City of Portland as part of the city's Downtown Parking and Circulation Plan (DPCP) in 1975.

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<sup>†</sup>Accommodations for disabilities are available upon request by contacting the Public Affairs Office at (503)229-5317(voice)/(503)229-6993(TDD).



Memo To: Environmental Quality Commission  
Agenda Item 2  
December 10, 1993 Meeting  
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Carbon monoxide and ozone air quality have dramatically improved in the Portland area, with levels currently below the National Ambient Air Quality Standards (NAAQS) (Attachment 3). However, future ozone levels are expected to exceed NAAQS as the area grows (Attachment 4). A regional strategy to maintain the ozone standard has been recommended by the State Task Force on Motor Vehicle Emissions in the Portland Area, with slight modifications by the 1993 Legislature (Attachment 5). The Commission will be involved in substantial rulemaking over the next eighteen months to adopt and implement this plan.

In contrast to future ozone levels and barring unforeseen highly localized traffic congestion, carbon monoxide levels are expected to drop substantially due to major improvements in the motor vehicle fleet performance (Attachment 6). However, the Portland area is still classified as nonattainment for CO and a long-range maintenance plan needs to be developed and submitted to EPA as a SIP revision in order to reclassify the area to attainment.

To develop the required CO maintenance plan, the City of Portland, several interest groups and governmental agencies, including the Department, have participated in the CCTMP study. The CCTMP contains the necessary policy framework and supporting technical data to advance the original vision of the Central City Plan toward a "buildout" condition to the year 2010 and beyond (Attachment 7). The study incorporates a High Growth scenario of 75,000 additional jobs and 15,000 new housing units (Attachment 8). The High Growth scenario and the supporting policies of the CCTMP provide the means for assuring and enhancing the vitality of the Central City. Regional emissions analysis (Attachment 9) indicates that the CCTMP would reduce overall regional motor vehicle travel by concentrating development in an area best served by transit and other travel modes, such as bicycles and walking. A common viewpoint of study participants is that the downtown parking ceiling has become counterproductive with respect to achieving the greater densities associated with the CCTMP. The ceiling on parking is seen as forcing Class A office space to the suburbs where no parking restrictions result in higher vehicle emissions than if development were downtown.

A key component of the CCTMP and ultimately, the CO maintenance plan would be a program to basically retain the existing downtown parking ratios, which assume that three of every four new employees will use other modes of travel besides single occupant vehicles. The CCTMP also extends the parking ratio concept to the entire Central City, with stringency levels commensurate with transit service (Attachment 10).

With this policy of curtailing traffic growth (Attachment 11) and supporting policies to enhance transit, bicycle and pedestrian service, the High Growth scenario air quality

modeling is expected to show maintenance of the CO health standards. Documentation of this analysis is expected shortly.

### **Authority of the Commission with Respect to the Issue**

The Commission's authority for action on this issue is contained in Oregon Revised Statutes (ORS) Chapter 468A which gives the Commission the power to adopt plans and programs to achieve and maintain federal and state ambient air quality health standards.

### **Alternatives and Evaluation**

An alternative to replacing the parking ceiling with a more extensive parking ratio program is to retain the ceiling. From an air quality standpoint, returning to the ceiling would further foster the current trend toward high single occupant vehicle commuter travel, characteristic of current suburban development. This would be counterproductive to addressing the regional ozone problem. The proposal for a more extensive parking ratio program in the emerging CCTMP, coupled with increased emission controls on new vehicles and other multi-modal policies of the CCTMP, should be sufficient to stay in compliance with the CO federal health standards while helping regional air quality.

Another issue which has a bearing on the effectiveness of the CCTMP in meeting air quality goals will be the establishment of regional parking ratios as part of the ozone maintenance plan. Regional parking ratios would help level the playing field and help avoid the Central City parking ratio proposal from becoming a further driving force for unconstrained suburban development and associated parking. The need for continuation of oxygenated fuels will be determined upon completion of the air quality analysis.

### **Summary of Public Input Opportunity**

The public involvement process of the Central City Transportation Management Plan has been extensive. An organizational chart showing the committee structure of the study is shown in Attachment 12. Because of the comprehensive nature of the public involvement already undertaken by the city, the Department plans to rely primarily upon Metro's standing committees (Transportation Policy Alternatives Committee (TPAC), Joint Policy Advisory Committee on Transportation (JPACT), the Metro Planning Committee and the Metro Council) and the normal public hearing process for the maintenance plan SIP revision.

### **Conclusions**

- ◆ The Portland area is in a position to develop air quality maintenance plans for CO and ozone which will allow the area to be redesignated to attainment. Effective regional strategies to reduce potential increases in vehicular trips are important to both the CO and ozone maintenance plans. However, transportation strategies for the Central City, which has been a hot spot for CO problems, are needed to insure this hot spot does not reoccur, considering the desire for a high growth rate in the area.
- ◆ The City of Portland's emerging CCTMP, with an expanded parking ratio program to replace the parking ceiling and policies to provide more multi-modal travel, will form the core of the CO maintenance plan and enhance the regional ozone maintenance plan.

### **Intended Future Actions**

The Portland City Council is expected to adopt the CCTMP by June 1994. This will enable the Department to start the hearing authorization process on June 1, 1994. Public hearing(s) would be held in August 1994, and the Department should have a CO SIP revision maintenance plan for consideration at the October 21, 1994, Commission meeting.

### **Department Recommendation**

It is recommended that the Commission accept this report, discuss the matter, and provide advice and guidance to the Department as appropriate.

### **Attachments**

- 1) Emission Inventory Charts for CO and Ozone Precursors
- 2) Past Transportation Strategies for Portland Area Air Quality Problems
- 3) Portland Carbon Monoxide and Ozone Air Quality Trends
- 4) Future Ozone Trend
- 5) State Task Force/HB 2214 Strategies
- 6) Motor Vehicle CO Emission Rate Trend
- 7) CCTMP Planning Area
- 8) High Growth Scenario Employment and Housing
- 9) CCTMP Impact on Regional CO and Ozone Precursor Emissions
- 10) Past and Proposed Maximum Parking Ratios

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- 11) CCTMP Rush Hour Traffic Increase
- 12) CCTMP Committee Organizational Chart

**Reference Documents (available upon request)**

Central City Transportation Management Policy, September 28, 1993 Draft  
(This document contains the proposed parking policy, transit policy, pedestrian policy, bicycle policy, circulation policy and air quality policy.)

Approved:

Section:

Merle L. Hayes

Division:

John Kowalczyk

Report Prepared By: Howard Harris

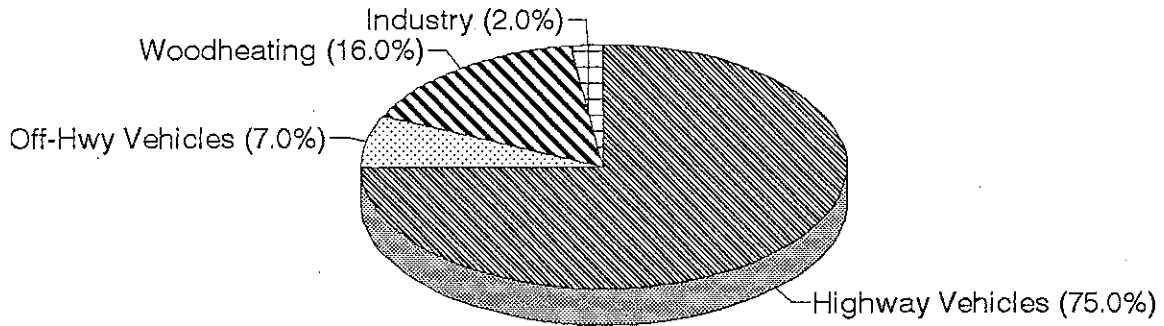
Phone: 229-6086

Date Prepared: November 22, 1993

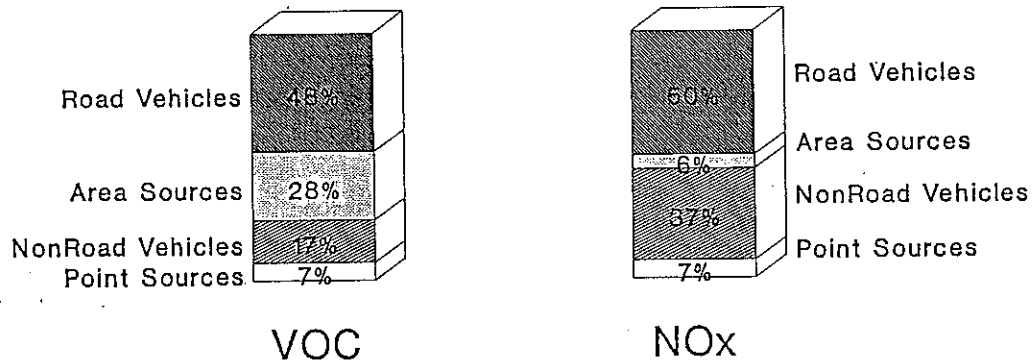
# Attachment 1

## Emission Inventory Charts for CO and Ozone Precursors

### Portland 1990 CO Emission Inventory



### Portland 1990 Ozone Precursors



## Attachment 2

### Past Transportation Strategies for Portland Area Air Quality Problems

#### "Attainment Plan" (Major Elements)

##### Tailpipe Controls

- Federal New Car Standards
- Vehicle Inspection Program
- Summer Low Volatility Fuel
- Winter Oxygenated Fuel
- Service Station Nozzle Controls\*

##### Congestion Reduction

- Computerized Signalization Downtown
- Improvement at Intersection "Hotspots"
- Highway Expansions

##### Trip Reductions

- Transit Mall
- Light Rail
- Parking Ratios/Parking Lid Downtown
- Rideshare Programs

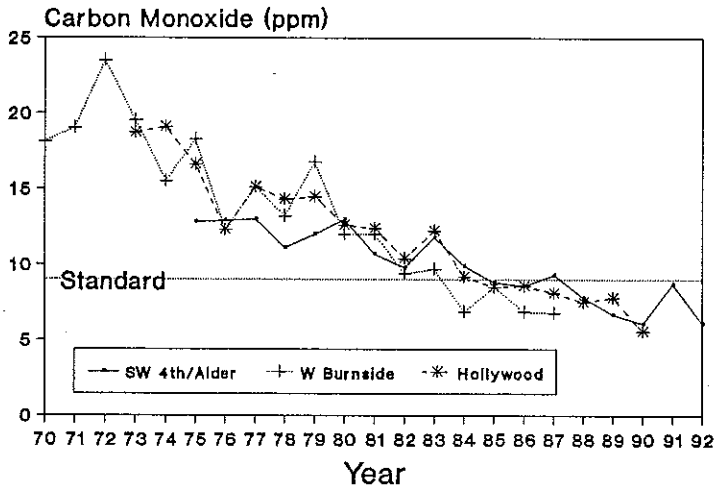
##### Other Sources

- Reasonably Available "VOC" Control on Industries

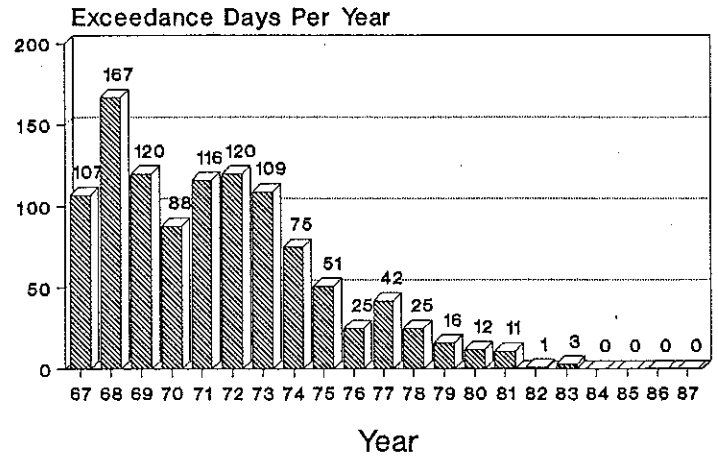
\* State Backup Strategy not in SIP

### Attachment 3

#### Portland Carbon Monoxide Trends

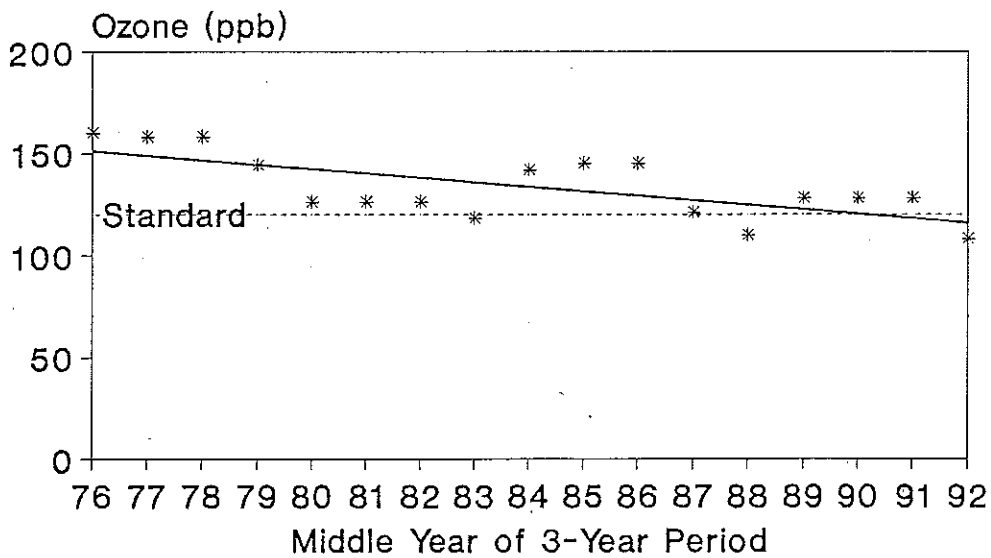


#### Portland Carbon Monoxide Violations At CAMS Site, 718 W. Burnside



2nd Highest Day Per Year (8-hr avg)

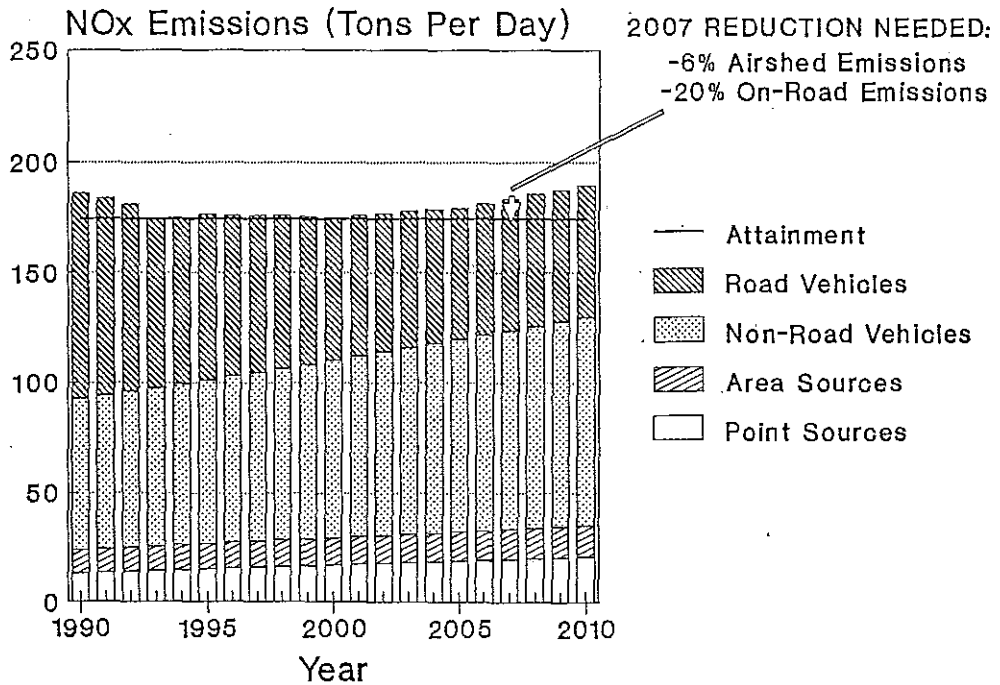
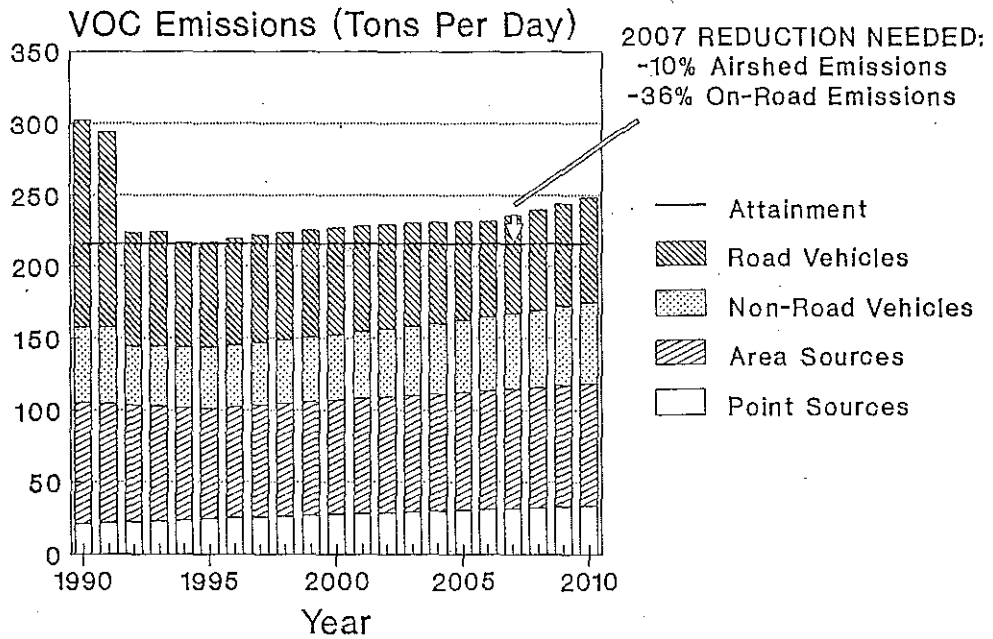
### PORTLAND OZONE TREND



\* Worst Site    — Trend

# Attachment 4

## Portland-Vancouver Ozone Precursors Human-Caused Emissions: 1990 to 2010



Base Case Projection



# Attachment 5

## Portland Area Air Quality Maintenance Plan Prepared for the House Special Task Force on Emissions (Need 35.6% VOC / 20.2% NO<sub>x</sub> reduction by 2007)

<u>Endorsed Recommendations of State Motor Vehicle Task Force</u>	<u>Reductions</u>		<u>Legislation Needed</u>
	<u>% VOC</u>	<u>% NO<sub>x</sub></u>	
New Lawn and Garden Equipment Emission Standards	6.1%	0	
Enhance Vehicle Emission Inspection	17.5%	9.0%	*
Maintain 1974 and Newer Vehicles in Inspection Program	2.4%	0.8%	
Expand Vehicle Inspection Boundary <sup>(1)</sup>	1.0%	0.5%	
DLCD Land Use / Transportation Rule Credit <sup>(2)</sup>	5.2%	4.4%	
Mandatory Employer Trip Reduction Program	1.2%	1.1%	
Strategy Overlap	-1.1%	-0.5%	
Total	32.2%	15.3%	
<u>Additional Strategies Identified by the House Special Task Force</u>			
Clinton Energy Tax (7.5¢ per gallon of gasoline) <sup>(3)</sup>	0.6%	0.6%	*
Existing Fed. / State Public Fleet Alternative Fuel Program	0.1%	0	
Federal MACT Requirement on Existing Industry up to	6.0%	0	
Double Employer Trip Reduction Program	1.2%	1.1%	
Parking Ratios For New Construction (10% Reduction in New Space Utilization - 2006 credit)	0.8%	0.7%	
• Worker	1.5%	1.3%	
• Commercial / Retail			
Maintenance Plan Target Reduced From 2007 to 2006 <sup>(4)</sup>	1.9%	1.2%	*
Total	12.1%	4.9%	
Grand Total	44.3%	20.2%	

### Safety Factor Strategy

- |    |  |       |
|----|--|-------|
| 1. | Adequately Funded Public Education Program (\$1/vehicle/year).                                     | 1994  |
| 2. | Continue and improve public request for voluntary reductions in emissions on bad ventilation days. | 1993  |
| 3. | Incident Management Program (rapid removal of accidents to minimize congestion)                    | TBD** |
| 4. | Emission Standards for new outboard motors if and when California or EPA adopts such standards.    | --    |

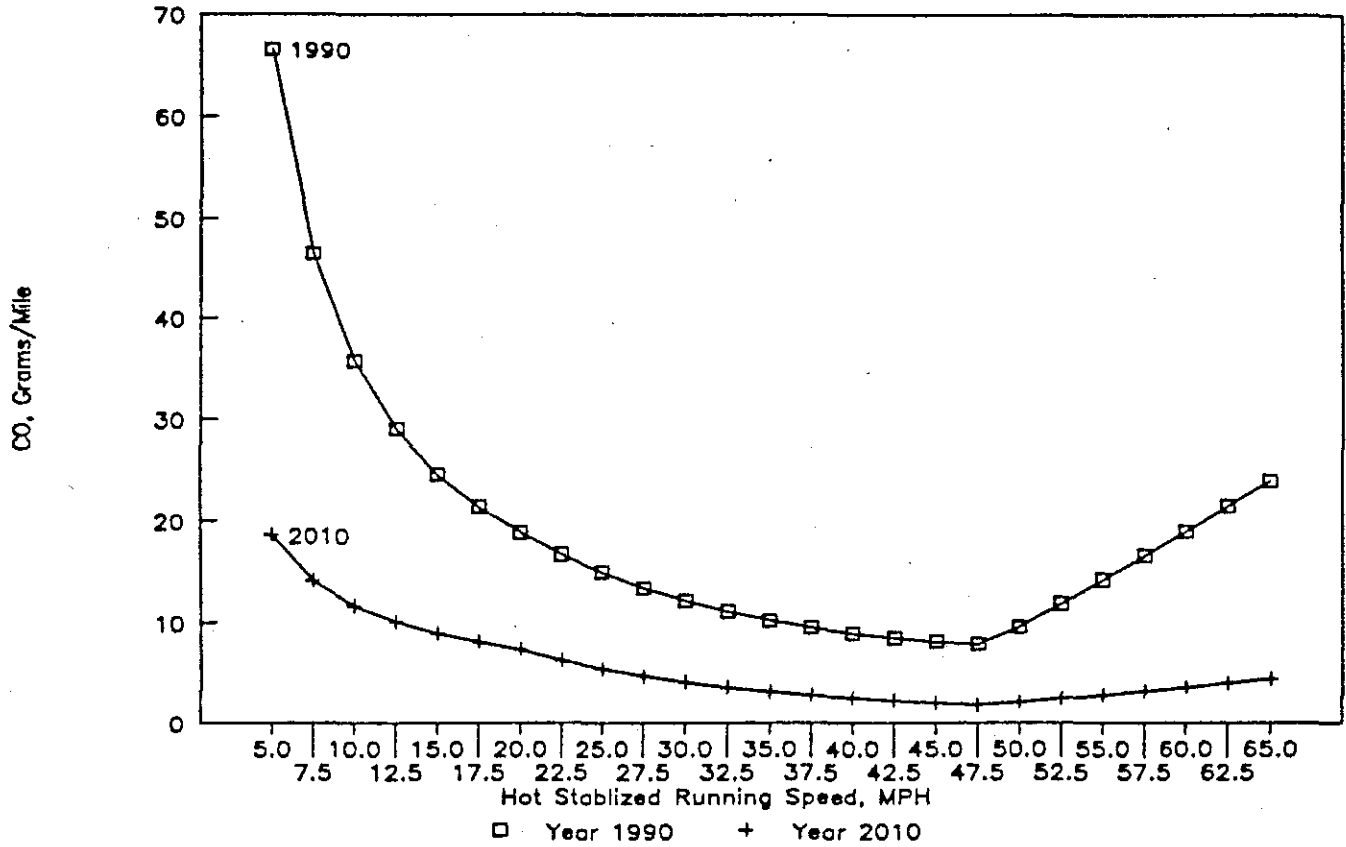
### Contingency Plan Strategy

(To be implemented if base strategies fail to achieve expected results or if other unexpected factors threaten compliance with air quality standards.)

- |    |  |            |
|----|--|------------|
| 1. | Reformulated gasoline (to be implemented no sooner than 2005). | 20.6 / 5.6 |
| 2. | Congestion Pricing. (Regional full-scale application)*****     | 8.6 / 7.8  |

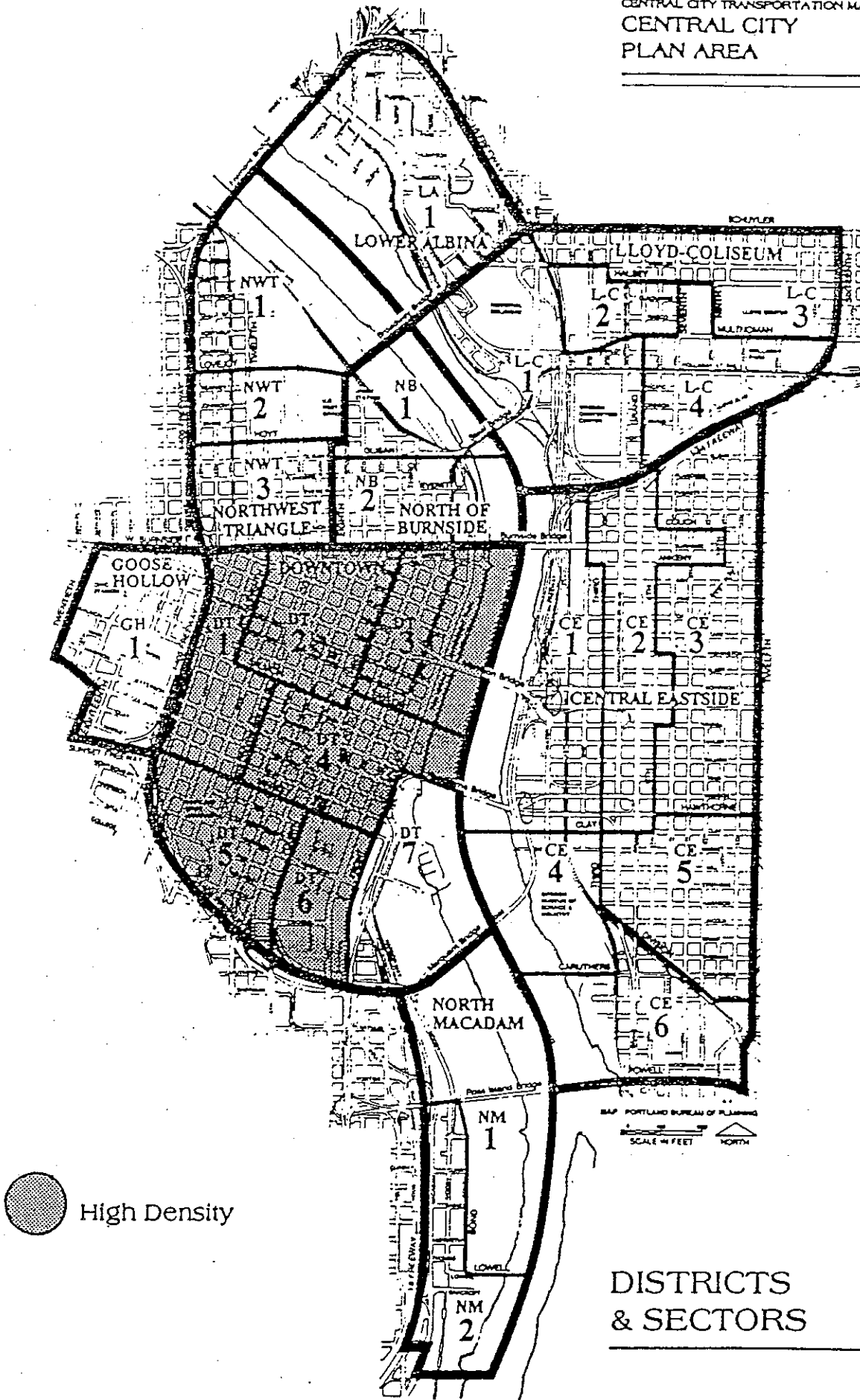
## Attachment 6

### Motor Vehicle CO Emission Rate Trend



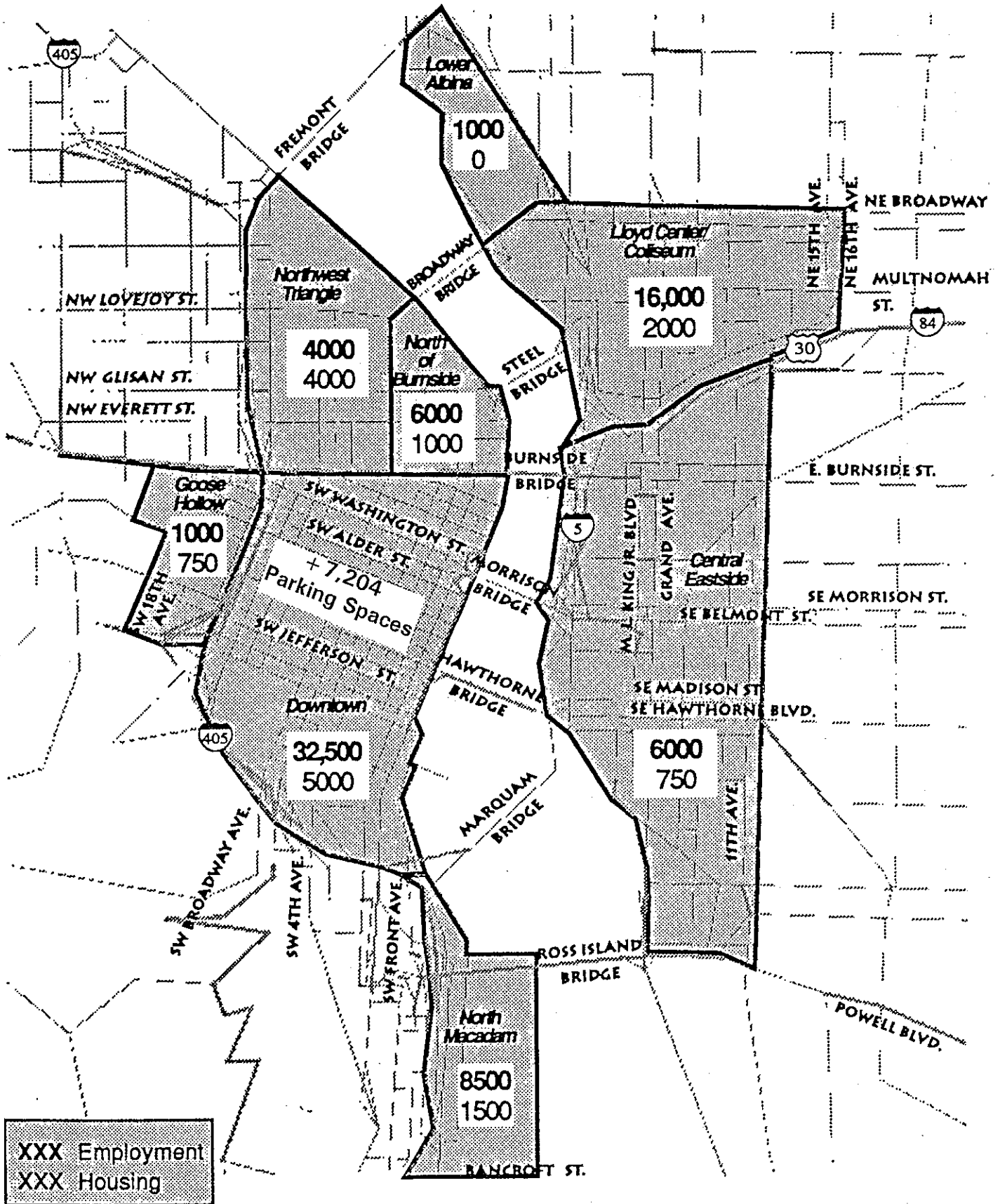
Note: Emission rates are based on EPA's MOBILE 4.1 model for composite vehicle.

Source: Portland CCTMP: Final Technical Analysis (December 1992)



DISTRICTS  
& SECTORS

Map



XXX Employment  
 XXX Housing



Figure 3  
 Estimated Employment and Housing Additions  
 for the High Growth Scenario 1990-2010

## Attachment 9

### CCTMP Impact on Regional CO and Ozone Precursor Emissions

	Percent Change from 1990			
	Hydrocarbons		Nitrogen Oxides	
	2010 RTP	2010 High Growth	2010 RTP	2010 High Growth
Central City	1.08%	12.03%	-44.12%	-38.91%
Regional Total	6.20%	5.31%	-36.96%	-37.35%

Source: Portland CCTMP - Final Technical Analysis (December 1992)

## Attachment 10

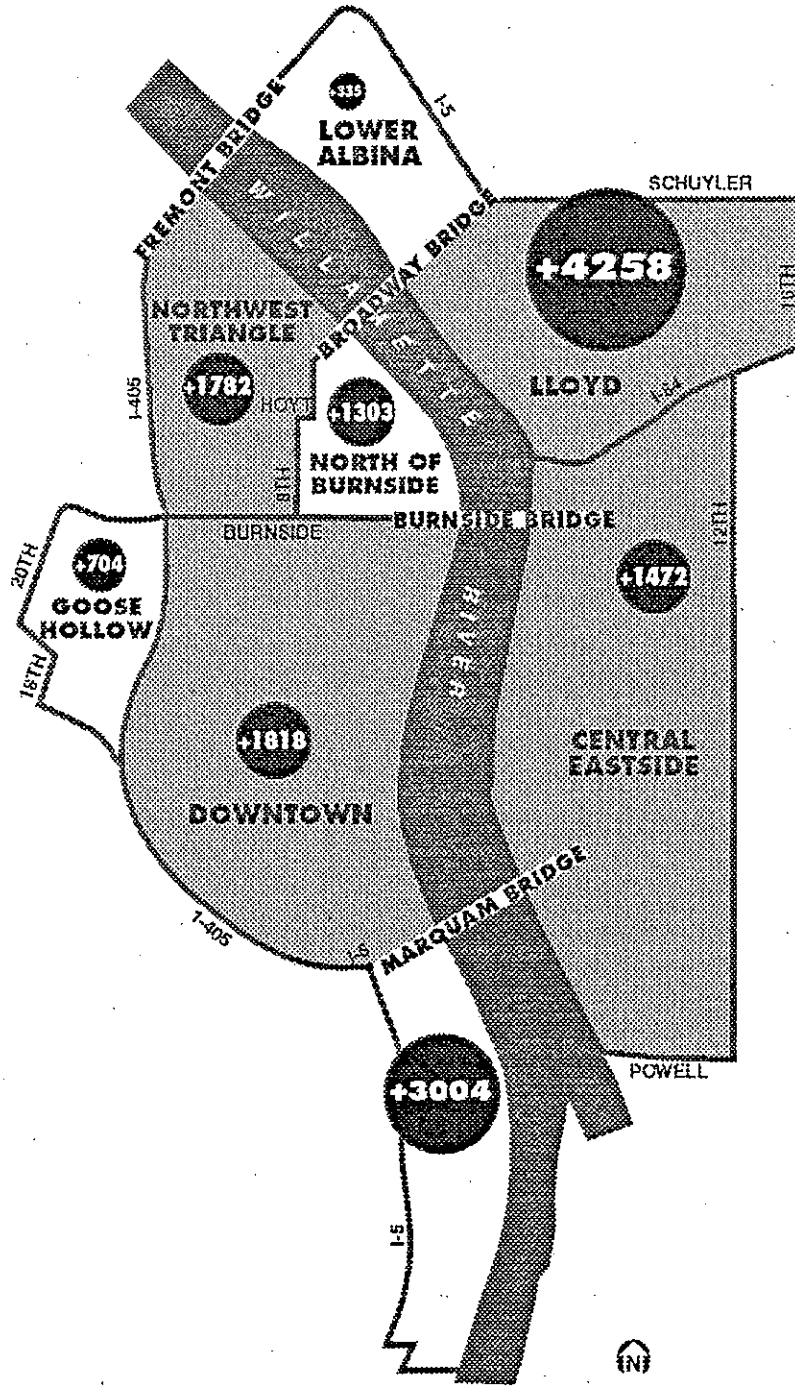
### Past and Proposed Maximum Parking Ratios: Application of Parking Ratios by Selected Districts and Sectors

DISTRICT/SECTOR	EXISTING PARKING RATIOS	MAXIMUM PARKING RATIOS
Downtown 2,3	0.7	0.7
Downtown 4	0.8	0.8
Downtown 1,5,6	0.9,1.0	1.0
North of Burnside 2	0.8,0.9	1.5
North of Burnside 1	0.9	2.0
Lloyd District	None	2.0
Northwest Triangle 3	1.0	2.0
Downtown 7	1.45	2.0
Central Eastside 2	None	2.0
Central Eastside 3	None	2.5
Goose Hollow	None	3.0
Central Eastside 1,4,5,6	None	3.0
Northwest Triangle 1,2	None	3.0*
North Macadam	None	3.0*
Lower Albina	None	3.0*

\* Districts or sectors identified are assigned parking ratios of 3.0 spaces per 1,000 square feet. Additional parking for office use may be allowed upon submittal of a needs analysis.

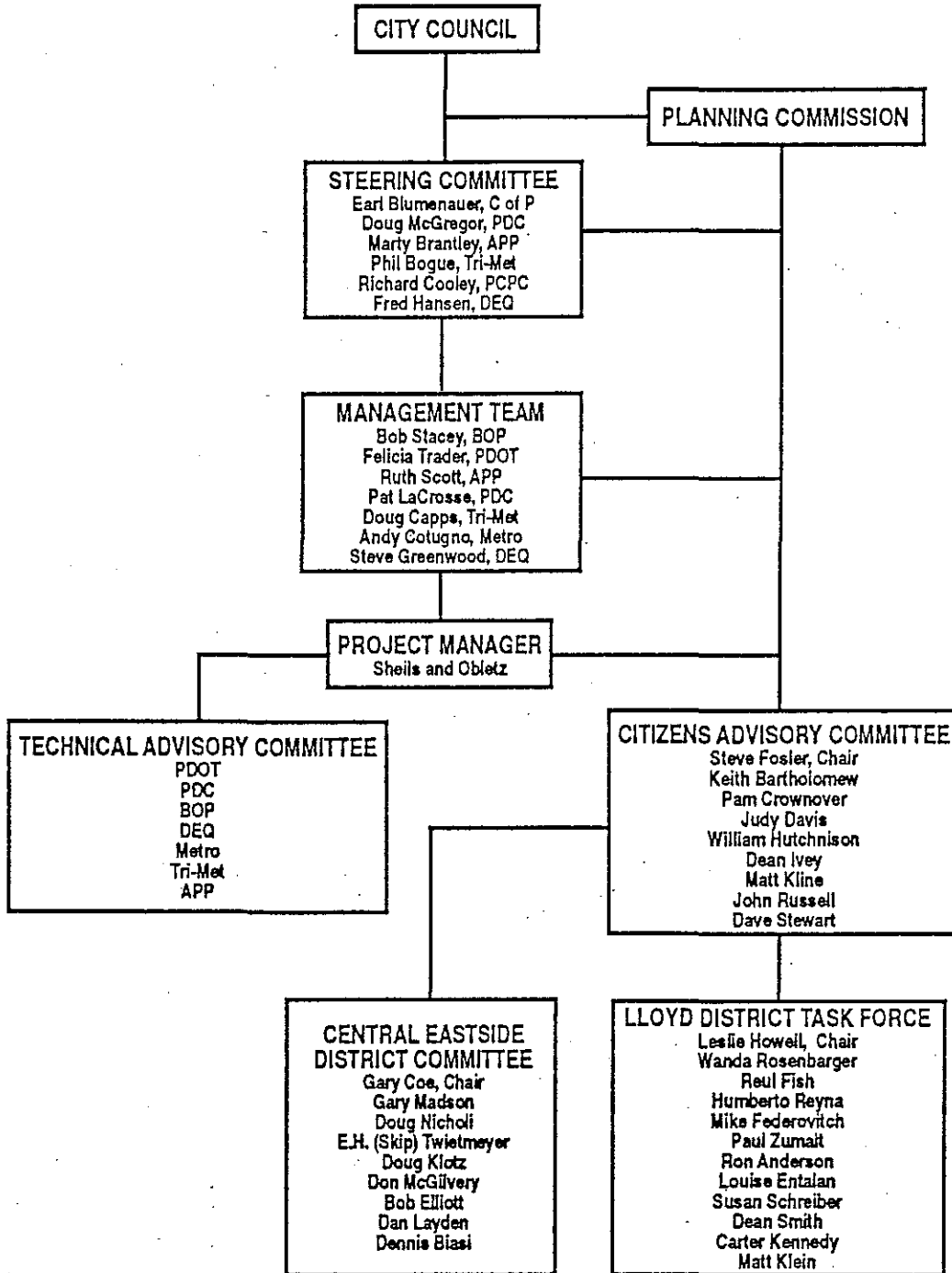
# Assuring Growth with Livability

## RUSH HOUR TRAFFIC INCREASE HIGH GROWTH SCENARIO



# Assuring Growth with Livability

## MANAGEMENT STRUCTURE





Approved _____
Approved with Corrections _____

*Minutes are not final until approved by the EQC*

**ENVIRONMENTAL QUALITY COMMISSION/DEPARTMENT OF ENVIRONMENTAL QUALITY**

Thursday, October 28, 1993

**Retreat**

The Environmental Quality Commission met with senior staff of the Department of Environmental Quality at the Menucha Retreat and Conference Center, 38711 East Crown Point Highway, Corbett, Oregon 97019, for informal discussions. Discussion topics included limits on EQC authority and flexibility placed by federally delegated programs, and a general discussion of what the future holds for environmental protection efforts. The Department also provided examples of how it approaches the development of recommendations on substantive program issues and internal management policies. The discussions were in a free-form manner, and no record was maintained.

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Minutes of the Two Hundred and Thirty Second Meeting  
October 29, 1993

**Regular Meeting**

The Environmental Quality Commission regular meeting was convened at 8:30 a.m. on Friday, October 29, 1993, in Conference Room 3A, Oregon Department of Environmental Quality (DEQ), 811 S. W. Sixth Avenue in Portland, Oregon. The following commission members were present:

William Wessinger, Chair  
Dr. Emery Castle, Vice Chair  
Henry Lorenzen, Commissioner  
Linda McMahan, Commissioner  
Carol Whipple, Commissioner

Also present were Michael Huston, Assistant Attorney General, Oregon Department of Justice, Fred Hansen, Director, DEQ, and other DEQ staff.

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**Note:** Staff reports presented at this meeting, which contain the Department's recommendations, are on file in the Office of the Director, DEQ, 811 S. W. Sixth Avenue, Portland, Oregon 97204. Written material submitted at this meeting is made a part of this record and is on file at the above address. These written materials are incorporated into the minutes of the meeting by reference.

Chair Wessinger called the meeting to order.

**A. Approval of minutes.**

Commissioner Castle moved that the minutes of the September 10, 1993, regular meeting be approved; Commissioner Whipple seconded the motion. The September 10, 1993, regular meeting minutes were unanimously approved.

**Correction:** The minutes for the September 10, 1993 meeting should be corrected as follows on the bottom of page 1:

Commissioner Whipple moved that the minutes of the ~~September~~July 22 work session and ~~September~~July 23 regular meeting be approved; Commissioner Castle seconded the motion. The ~~September~~July 22, 1993, work session minutes and ~~September~~July 23, 1993, regular meeting minutes were unanimously approved (4-0).

**B. Approval of tax credit applications.**

The Department recommended the issuance of tax credit certificates for 23 applications as listed below.

Application Number	Applicant	Description
TC 2996	Norpac Foods, Inc.	A sprinkler irrigation system to reduce the application rate of industrial wastewater.
TC 3808	Mt. Emily Seeds	A pneumatic waste collection system, bagfilters and two semi-trailers for preventing grass seed particulate emissions to the atmosphere.

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Application Number	Applicant	Description
TC 3864	Portland General Electric Company	A fueling station for mobile equipment consisting of two double-walled steel tanks with interstitial containment, thermal protection, vents, valves and fiberglass piping.
TC 3898	J.C. Compton Contractor, Inc.	A CMI RA-318P Portable Fabric Filter Pollution Control System (portable baghouse).
TC 3913	Wally F. Ackerman	An Amuson 400-T Wastewater Recycling System consisting of a flush booth, water holding tank, water treatment tank and related pumping system.
TC 3924	Paul Medina Dairy	A 30 H.P. pump, an above-ground glass lined steel holding tank and related plumbing and electrical works.
TC 3933	Rexius Forest By-Products, Inc.	A closed-loop oil/water separation recycling system for treating wastewater discharge.
TC 3936	Columbia Steel Casting Co., Inc.	A US Air Filtration cartridge-type dust collector and support equipment.
TC 3981	Portland General Electric Company	A fueling station for mobile equipment consisting of two above-ground steel tanks, concrete liner for secondary containment, overfill sump and alarm and associated valves, vents and dispensers.

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Application Number	Applicant	Description
TC 3982	Portland General Electric Company	A fueling station for mobile equipment consisting of a above-ground, double-walled steel tank, concrete liner for secondary containment, overfill sump and alarm and associated valves, vents and dispensers.
TC 3996	Portland General Electric Company	A fueling station for mobile equipment consisting of a above-ground, double-walled steel tank, concrete liner for secondary containment, overfill sump and alarm and associated valves, vents and dispensers.
TC 4023	Portland General Electric Company	A fueling station for mobile equipment consisting of two above-ground, double-walled steel tanks, concrete liner for secondary containment, overfill sump and alarm and associated valves, vents and dispensers.
TC 4046	United Grocers, Inc.	A Model V6-60-2 Vertical Downstroke Baler for processing plastic stretch wrap waste product.
TC 4088	Vahan M. Dinihanian	A 5,600 square foot pole construction type building with concrete slab floor for storage and processing of recycled plastic containers.
TC 4089	Vahan M. Dinihanian	Injection molding dies used for processing recycled plastic.

Application Number	Applicant	Description
TC 4115	Calbag Metals Company	An oil/water separator constructed on a 50' x 100' concrete paved area for the treatment of storm water runoff.
TC 4127	Boise Cascade Corporation	A three unit surge bin and support equipment for elimination of fugitive emissions to the atmosphere.
TC 4132	Alton L. Jager	Seven on-site recycling depots for recycling plastic waste products.
TC 4133	Mel's B.P., Inc.	A CFC facility including pumps, tubing, valves and filters for removing and cleaning auto air conditioner coolant.
TC 4134	Towler Refrigeration	A CFC facility including pumps, tubing, valves and filters for removing and cleaning air conditioner/commercial refrigerant coolant.

**Tax Credit Application Review Reports With Facility Costs Over \$250,000:**

Application Number	Applicant	Description
TC 3948	Oregon Waste Systems, Inc.	A cell liner and leachate collection system for module four of the Columbia Ridge Landfill and Recycling Center.
TC 3963	Boise Cascade Corporation	A top liner, surface drainage and gas collection system for the completed portion of a clarifier solids industrial landfill.
TC 4018	Portland General Electric Company	An internal storm drainage and oil spill collection and containment system.

Commissioner Castle moved that the Department recommendations be approved. The motion was seconded by Commissioner Whipple and unanimously approved.

**C. Rule adoption: revisions to stationary source air quality emission standards and requirements [New Source Performance Standards (NSPS), National Emission Standard for Hazardous Air Pollutants (NESHAPS), Highest and Best Practicable Treatment and Control (H&B) and New Source Review (NSR)].**

This agenda item proposed rule amendments to provide the Department with authority to include all federal requirements in Title V permits. The amendments are necessary to have a federally approved Title V permit program and provide for necessary delegation of the federal NSPS and NESHAPS. Additionally, requirements for H&B practicable treatment are clarified and NSR updates are included. The Department recommended the Commission adopt the rules and rule amendments as presented in Attachments A1 through A5 of the staff report.

Director Hansen introduced this agenda item, and Steve Greenwood and Andy Ginsburg of the Department's Air Quality Division provided a brief summary of the report. Mr. Ginsburg presented a diagram of the Title V umbrella and explained what program elements and activities are included within Title V of the Clean Air Act (CAA) amendments. Chair Wessinger asked about the industries affected by these rules. Mr. Greenwood indicated that the rules will influence only major industries. He said the Department received numerous comments about the H&B Practicable Control rule. Mr. Greenwood added that the rules amend the State Implementation Plan (SIP), provide new source performance standards and NESHAPS delegation. Commissioner Whipple asked about chemical weapons and the U. S. Army Depot in Umatilla. Director Hansen said that even though the depot was a federal facility they still must obtain the appropriate state permits to operate. He also added that the small business assistance program provides technical assistance that is necessary for those sources not in the regulatory framework.

Action: Commissioner Castle moved approval the rules as proposed in Attachments A1 through A5 of the staff report; Commissioner Lorenzen seconded the motion. The motion was unanimously approved.

**D. Rule adoption: revisions to motor vehicle fuel specifications for oxygenated gasoline.**

This agenda item proposed rules which meet the 1990 CAA requirement for states to adopt contingency plans for moderate carbon monoxide (CO) nonattainment areas by November 15, 1993. Additionally, the proposed rules contain housekeeping changes to clarify and improve the organization of the oxy-fuel regulations to minimize misinterpretation. The Department recommended the Commission adopt the amendments to the motor vehicle fuel specifications for oxygenated gasoline in Attachment A of the staff report. Additionally, the Department recommended adoption of related changes to the Portland, Medford and Grants Pass CO nonattainment plans as SIP revisions. The Department also presented an amendment to clarify one of the proposed rules based on recommendation of the Attorney General's office.

John Kowalczyk and Howard Harris, Air Quality Division, presented the proposed rulemaking package to the Commission. Mr. Kowalczyk provided background information on the need for the CO contingency provision and housekeeping amendments and described the proposed revisions. The Commission inquired about the time frame for submittal of carbon monoxide maintenance plans and the relationship of the CO contingency provision to this submittal.

**Dennis Lamb**, Planning Manager at Unocal, spoke on behalf of the Western States Petroleum Association (WSPA), and **Neil Moyer** spoke on behalf of Texaco, Inc. In their individual testimonies, both supported adoption of the Department's proposal and stressed the importance of the immediate development of the Portland area CO maintenance plan.

Commissioner Lorenzen asked about the redesignation process. Staff responded that attainment must be demonstrated and a maintenance plan must be developed and adopted before the EPA can be convinced to redesignate an area to "attainment." In the case of Portland, one more season will be required to complete the necessary information to support redesignation. The other areas require extensive work including modeling, inventories and local coordination that will take at least a year.

Action: Commissioner Lorenzen moved approval of the revisions to the motor vehicle fuel specifications for oxygenated gasoline as presented in Attachment A of the staff report and amendment recommended by the Department; Commissioner McMahan seconded the motion. The motion was unanimously approved.

**E. Rule adoption: vehicle inspection program implementation plan revisions.**

This agenda item proposed rule and SIP revisions necessary to upgrade the Oregon Inspection/Maintenance (I/M) program to be equivalent to the federal requirements in the areas of: 1) computerized testing equipment; 2) inspector training, certification and discipline; and 3) enforcement.

The Department recommended the Commission adopt the rule amendments regarding vehicle inspection program SIP revisions as presented in Attachment A of the staff report.

Mr. Greenwood summarized the SIP changes pointing out to the Commission that although the current I/M program exceeds many areas of the EPA's requirements for a basic I/M testing program, the Department will be replacing existing manual testing equipment with computerized equipment and will be updating detailed procedures to meet the new EPA requirements as outlined in the SIP amendments. The Commission was notified by Ron Householder, I/M Program Manager, that certain elements of the SIP were not yet completed and that the SIP contained commitments to accomplish these elements before July 1, 1994. The Commission asked about the schedule for moving to an enhanced testing program in Portland. They were informed that testing of a small segment of vehicles will begin in 1996, and testing of all late model vehicles will begin about 1999.

Action: Commissioner McMahan moved approval of the Department's recommendation to adopt the rule amendments as presented in Attachment A of the staff report; Commissioner Castle seconded the motion. The motion was unanimously approved.

**F. Proposed adoption of temporary rules for the new air quality federal operating permit program to establish: 1) permit fees; and 2) asbestos inspection requirements.**

This agenda item proposed a temporary rule that would meet the 1990 CAA requirements for states to have processes for fully funding the direct and indirect costs of the federal operating permit program. It also included housekeeping amendments and asbestos survey requirements that are necessary to complete the Federal Operating Permit Program package for submittal to the EPA by November 15, 1993.



The Department recommended the Commission adopt the temporary rules and related rule amendments and findings regarding the fee structure, procedures for funding the federal operating permit program, minor housekeeping amendments and the asbestos survey requirements as presented in Attachment A of the staff report.

Wendy Sims, Air Quality Division, indicated the fee schedule in these rules had taken two legislative sessions and numerous meetings with the affected parties to develop. She said the Department's advisory committee concurred with the proposed schedule. The advisory committee believes this schedule will allow Oregon to implement the Title V program effectively.

Ms. Sims said one change needed to be made to the rules packet. In 340-28-2650(5), the word "applicable" was replaced by the word "appropriate." This section of the rule addresses how sources can pay fees on actual emissions of hazardous air pollutants. The intent, as discussed by the advisory committee, was to provide the Department with discretion to give exceptions on the criteria for determining actual emissions for certain specific emissions. Because hazardous air pollutants have not generally been regulated before, the emissions testing methodology is less developed than for the better regulated criteria pollutants. Sources may have emission points where small quantities of hazardous air pollutants are emitted, where it would not be practical to perform emissions testing because of the quantity of emissions, access, or operational limitations. Section (5) allows the Department that discretion. Using the word "applicable" caused some concern because "applicable method" has a technical meaning that is more narrow than intended. Changing "applicable" to "appropriate" made the intent more clear to the source testing community.

Another change was made to 340-28-110(c)(C), the reference to the CAA section should be to "section 112(r)."

Action: Commissioner Lorenzen moved approval of: 1) rule amendments as presented in Attachment A of the staff report; 2) corrections to Attachment A as recommended by the Department in the presentation; and 3) findings of need for the temporary rule as presented in Attachment B. Commissioner Castle seconded the motion, and the motion was unanimously approved.

**G. Proposed adoption of temporary rule to amend rules for municipal solid waste landfills to extend the effective date of federal criteria.**

This agenda item proposed temporary rule amendments to revise the Department's solid waste rules to extend the effective dates for federal solid waste criteria for small municipal solid waste landfills (to conform with a federal extension of the effective dates).

The Department recommended the Commission adopt the temporary rule revisions as presented in Attachment A of the staff report and the findings of need for the temporary rule as presented in Attachment B of the staff report.

The Commission briefly discussed the Federal Aviation Administration (FAA) determination about the Pendleton Airport and neighboring landfill. Director Hansen asked that Chuck Donaldson of the Waste Management and Cleanup Division provide Commissioner Lorenzen with an update of the situation.

Action: Commissioner Whipple moved approval of the adoption of the temporary rule as presented in Attachment A and the findings as presented in Attachment B; Commissioner Castle seconded the motion. The motion was unanimously approved.

**H. Adoption of a temporary rule to limit UST (Underground Storage Tank) financial assistance to essential service grants of 75 percent not to exceed \$75,000.**

This agenda item proposed to limit expenditure of lottery funds to essential service grants of 75 percent, not to exceed \$75,000 of UST project work. The temporary rule was necessary to allow the Department to issue approximately 10 essential service grants funded by lottery funds prior to adoption of final rules in January 1994.

The Department recommended the Commission adopt the temporary rule as presented in Attachment A of the staff report. It was also recommended that the Commission adopt the statement of need and findings of fact in Attachment C.

Department staff presented a revised Attachment A to the Commission at the meeting. The revised wording of the temporary rule clarifies that the funding limitations apply to applications approved and confirmed during the biennium rather than applications received.

Action: Commissioner Whipple moved approval of the temporary rule in Attachment A of the staff report as modified, and the findings of need as presented in Attachment C of the staff report; Commissioner Castle seconded the motion. The motion was unanimously approved.

**I. Bond issuance resolution for Series 1994 A, B, C and D pollution control bonds.**

This agenda item concerned authorization to issue and sell not more than \$55 million in pollution control bonds.

The Department recommended the Commission adopt the resolution as presented in Attachment A of the staff report along with the supporting findings presented in the conclusions of the staff report.

Chair Wessinger asked if this was the last of the bonds. Barrett MacDougall of the Department responded no, that the Commission would be receiving several more bond requests.

Action: Commissioner Castle moved approval of the resolution and findings; Commissioner Lorenzen seconded the motion. The motion was unanimously approved.

**J. Pulp mill contested case: status report and proposed order extending the November 30, 1993, deadline for holding a Commission hearing to establish the scope of issues to be addressed upon reconsideration.**

Based on evaluation of the data and information provided to the Department by the pulp mills in progress reports, the Department concluded that if the mills were in compliance with the permit limit for AOX limit, they would be in compliance with the TCDD limit. Therefore, the Department concluded that it would be appropriate to revise the permits to provide that compliance with the AOX limit will be deemed to be in compliance with the TCDD limit. The Department has drafted proposed permits to accomplish this. The proposed permits would replace the permits issued May 26, 1992. The permittees indicated they are willing to accept the permits as rewritten.

The Department recommended: 1) that the Commission concur in the proposed action to issue new permits; and 2) that the Commission enter an order as presented in Attachment A of the staff report to amend the August 10, 1992, order granting petitions for reconsideration to extend the November 30, 1993, deadline for scheduling a Commission hearing ". . . for the purpose of further clarifying the scope of the issues to be reconsidered and determining whether to reopen the evidentiary record" to January 31, 1994.

Director Hansen introduced this agenda item. He said that the work at the mills and the results of chlorine dioxide substitution has allowed the mills to reach required levels. Additionally, he said that the methods chosen have achieved more effective ways of measuring pollutants. However, the mills must contact the Department if any processing changes are made. Director Hansen said the permits will be reissued with changes which reflect the different method of measuring TCDD compliance.

Chair Wessinger asked about the final action of this item. Director Hansen said that upon issuance of revised permits, the mills will need to withdrawal their petition for reconsideration and that they will not refile a petition for judicial review in the court of appeals. The matter will then come back to the Commission for dismissal of the contested case.

Mike Downs, Water Quality Division, and Pam Fink, Northwest Region Office, provided information to the Commission about this item. Commissioner Lorenzen asked if the proposal was for periodic verification of the relationship between TCDD and AOX; Mr. Downs indicated yes. Commissioner Lorenzen asked if the state of Washington had made any reductions in this area. Mr. Hansen replied that the methods used by Washington are similar to Oregon's.

Director Hansen advised the Commission that a correction needed to be made in the proposed order in Attachment A. The last sentence on page 1 would be amended to read as follows:

The Department has reviewed information submitted, and prepared proposed permits, that if issued would moot the reconsideration and result in the mills withdrawal of their petition for reconsideration ~~and their petition to the Court of appeals for review of TCDD permit limits~~.

The Court of Appeals had already ruled that the order was not final and, therefore, not yet subject to review. As a result, there are no petitions pending before the Court of Appeals at this time.

Action: Commissioner Castle moved to approve the order presented in Attachment A with the amendment noted; Commissioner Whipple seconded the motion. The motion was unanimously approved.

**K. Information item: Willamette River basin water quality study.**

This informational report summarized the findings of Phase I of the Willamette River basin water quality study. Results of the initial modeling efforts were also presented along with invertebrate/vertebrate bioassessment results.

Neil Mullane, Barbara Priest and Bob Baumgartner of the Water Quality Division presented slides and material about the study. They indicated that the long-term objective of the study is to construct a complete data base to enable state, local and federal agencies to cooperatively insure the preservation and beneficial uses of the river. The short-term goal was to provide the Department with knowledge and technical means to carry out its responsibilities under state and federal law which apply to the water quality of the basin.

This item was interrupted for public forum and then continued after public forum.

**PUBLIC FORUM**

**Lauri Aunan, Bruce Gelman, Kip Winans** of the Oregon State Public Interest Research Group (OSPIRG) spoke to the Commission. They also presented the Commission with 9,000 signatures. The petitions ask Director Hansen to reaffirm that burning of plastics is not recycling. Mr. Winans indicated that people he spoke to expressed alarm at the idea of burning plastics as a form of recycling.

**K. Information item: Willamette River basin water quality study. (CONTINUED)**

Mr. Baumgartner said that the main points of the study were:

- Biological life in the mainstream is good in the far upper reaches, fair in the middle reaches and poor below mile 39 (Wilsonville area).
- There are fish skeletal abnormalities extending the length of the river; however, the Department does not know what is the normal rate of abnormalities.
- The EPA modeling procedures for ecological communities appears to work in the river.

- The model for dissolved oxygen and nutrients is basically complete.
- The bacteria results are different than the historic results, and industrial discharges should be monitored for bacteria.
- Non-point sources are major contributors to pollutant loading in the river.
- The toxics model is acceptable to the EPA but needs to be calibrated with additional data.

He concluded by saying the study is important considering the continued population increase and industrial expansion which is occurring in Oregon. Continued funding of this study through the legislature will help the Department in maintaining the existing beneficial uses in the basin. Intergovernmental cooperation is needed to provide accurate information to protect and manage the Willamette Basin.

Commissioner Castle asked if beneficial uses had been measured. Mr. Baumgartner said that they measured fisheries which are considered to be a major beneficial use. Chair Wessinger asked if anything could be done at this point in the study to begin clean up of the basin. Mr. Baumgartner said that follow up on some source issues and long term for use in standards setting would be implemented. Commissioner McMahan asked if the Department had looked at the components of algal communities. Mr. Baumgartner said that the Department had examined rates of production.

Director Hansen indicated the Department wanted to look at the acute toxicity issue. He said that the level of information received was dramatic and action would be required soon. Commissioner Whipple asked what data was used for comparison since no data existed before. Mr. Baumgartner said that previous biological measurements and referenced conditions upstream and geological conditions occurring between two sources were used. He indicated that this type of comparison did not work well for the Willamette River. The study will be completed in two years.

**L. Information item: legislative follow up requirements.**

No oral presentation was made on this item. A memorandum providing brief information on legislative follow up actions had been mailed to the Commission.

**M. Commission member reports.**

Chair Wessinger and Commissioner Castle gave a brief summary of the collaborative process meetings they have been involved in with the City of Portland in regard to the combined sewer overflow (CSO) issue. Director Hansen urged the other Commissioners to attend the meetings. Commissioner Lorenzen asked about the meeting process. Director Hansen replied that the meetings were not a consensus process but were designed to educate the participants about the issues involved. He said the meetings were public and were structured in a public forum arrangement.

Chair Wessinger indicated that after more meetings are held, he would like to have this issue come back to the Commission as a work session item.

**N. Director's report.**

Enforcement: The Department is now developing a criminal enforcement program. One of the first steps was the development of a Memorandum of Agreement with Oregon State Police for stationing a full-time criminal investigator with the DEQ. The EPA has established a second investigator with the Department.

Offset Bank: The Air Quality Division began oversight of a joint contract with the Economic Development Department on development of an Offset Bank, which allows new industries to locate in nonattainment areas without lengthy delays and resulting in better air quality. The contract will result in identification of emission reductions that could be made up front, "borrowed" from the offset bank by new industries, and "repaid" over time.

Greenwood's Last Day: This was the last day Steve Greenwood was the division administrator for Air Quality. John Kowalczyk will be the acting division administrator on November 1 when Steve takes over as Western Region Administrator. A search is underway for a replacement for the Air Quality Division administrator position.

Orphan Site Funding: The Department testified before the Senate Interim Agriculture and Natural Resources Committee regarding the Orphan Site Cleanup funding question. The same presentation will be made to the House Committee on December 10. The Department expects that the two committees will form a joint task force on the issue. The funding question results from the Supreme Court decision on the 1.1 cent gas tax for UST financial assistance. As a result of that decision, the Attorney General issued an opinion that raised concern about the constitutionality of the petroleum load fee. That fee was the source of revenue for one third of the orphan site program. The 1993 legislature provided a one biennium fix but the 1995 legislature must identify an ongoing source of revenue to retire the outstanding debt.

Livable Communities: Dick Nichols will begin work on developing environmental teams for the Livable Communities project. Funding for the project comes from the lottery. The Department expects this to be a high-profile effort and is working closely with the League of Oregon Cities. The Department is looking for interested cities.

Environmental Equity Project: The Department has initiated a project to address the issue of environmental equity. Recent studies in the United States indicate that the burden of adverse environmental impact is not evenly distributed among all populations but often falls disproportionately on minority and low-income groups. In Oregon, the concerns include that minority groups with diets high in fish may be unduly exposed to water pollution.

To better understand this issue, the Department is examining how minorities and low-income groups may be disproportionately affected by environmental hazards. The Department is beginning with a letter to community groups and community leaders to invite them to participate in a telephone survey to help identify potential areas of environmental inequity.

Tillamook Bay National Estuary Project: The start up activities are now in full swing for the Tillamook Bay National Estuary Project. A policy committee has been named and a management committee is now being organized. Marilyn Sigman from the Alaska Department of Fish and Game was named project director and begins in December. Once the director and management committee are in place, an annual work plan will be drafted.



Hearing Authorizations:

- **Woodstove Certification Rule Revision:** The proposal would revise the procedure for woodstove certification and efficiency testing to accept the federal woodstove certification program as fully equivalent. It would eliminate the Oregon requirement for separate efficiency testing and labeling.
- **Fee on waste disposed outside Oregon:** The rule changes would implement Senate Bill 1036 requiring that the existing per-ton solid waste disposal fee and Orphan Site Account fee be applied uniformly to Oregon waste even if it is disposed of outside of Oregon. These fees will total 94 cents per ton.

**Other Business:**

Don Sterling, vice chair of the Willamette River Basin Study technical advisory committee, told the Commission that the issue the committee will be examining is how to use the recently obtained data to coordinate land use.

There was no further business, and the meeting was adjourned at 1:30 p.m.

# Environmental Quality Commission

- Rule Adoption Item
- Action Item
- Information Item

Agenda Item B  
December 10, 1993 Meeting

**Title:**

Approval of Tax Credit Applications

**Summary:**

New Applications - 48 tax credit applications with a total facility cost of \$ 21,739,566.00 are recommended for approval as follows:

-13 Air Quality facilities with a total facility cost of:	\$ 11,339,741
- 3 Water Quality facilities having a total facility cost of:	\$ 6,845,157
-16 Underground Storage Tank facilities with a total facility cost of:	\$ 1,418,167
- 1 Solid Waste Landfill facility having a facility cost of:	\$ 1,410,624
- 1 Hazardous Waste facility with a total facility cost of:	\$ 379,973
- 2 Field Burning related applications recommended by the Department of Agriculture with a total facility cost of:	\$ 316,260
-12 CFC (Air Quality) facilities having a total facility cost of:	\$ 29,644

Eleven of these applications having facility costs exceeding \$ 250,000 have been reviewed by independent contractors; their review statements are attached to the application review reports.

The evaluation of application # 3810, Riedel Environmental Technologies, Inc., has been complicated by a recent fire at the Killingsworth site where the claimed facilities are located and by a difference of opinion between the Department and the applicant on the eligibility of certain claimed costs. As a result, the Department recommends that the facility costs pertaining to the closing of the landfill be certified but that the certificate be issued by the Department only after the applicant has implemented a corrective action plan approved by the Department to bring the facilities into compliance with pollution control regulations and permit requirements. However, if the corrective action plan cannot be implemented by December 31, 1995, the Department recommends that the certificate be deemed revoked as of that date and that Riedel be granted a contested case hearing, if they choose to pursue the matter at that time.

Applications TC-3993, TC-4006 and TC-4007 (Intel Corporation) have been combined under one certificate since they are closely related and pertain to the same facility. Two field burning applications evaluated by the Department of Agriculture were evaluated under the revised rules governing facilities integral to the operation of a business.

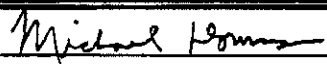
Transfer of Certificate - The remaining value of certificate no. 2299, issued November 2, 1990, is proposed for transfer from Trapp's Eastside Veltex Station to Mr. Gary Chobot. The sale of the facility on May 26, 1993, has been verified by the DEQ.


Five additional tax credit applications are currently under review by external accounting firms and will be forwarded for Commission approval if completed before December 10.

**Department Recommendation:**

- 1) Approve issuance of tax credit certificates for 48 applications as presented in Attachment A of the staff report.
- 2) Approve the transfer of the remaining value of pollution control tax credit certificate 2299 from Trapp's Eastside Veltex Station to Mr. Gary Chobot.

  
Report Author

  
Division Administrator

  
Director

November 29, 1993 'Accommodations for disabilities are available upon request by contacting the Public Affairs Office at (503)229-5317(voice)/(503)229-6993(TDD).

State of Oregon  
Department of Environmental Quality

Memorandum<sup>†</sup>

Date: December 10, 1993

To: Environmental Quality Commission  
From: Fred Hansen, Director  
Subject: Agenda Item B, December 10, 1993 EQC Meeting

Approval of Tax Credit Applications

Statement of the Need for Action

This staff report presents the staff analysis of pollution control facilities tax credit applications and the Department's recommendation for Commission action on these applications. The following is a summary of the applications presented in this report:

**Tax Credit Application Review Reports:**

Application Number	Applicant	Description
TC 3832	BP Oil Company	Doublewall fiberglass piping, spill containment basins, automatic shutoff valves, line leak detectors and Stage I and II vapor recovery piping.
TC 3836	BP Oil Company	Four fiberglass underground storage tanks and doublewall fiberglass piping, spill containment basins, line/turbine leak detectors, monitoring wells, automatic shutoff valves and an oil/water separator.
TC 3918	Jeld-Wen	A Clark 95-20 Pneu-Air primary filter baghouse and support equipment.
TC 3946	Texaco Refining & Marketing, Inc.	Five fiberglass underground storage tanks, fiberglass piping, spill containment basins, line leak detectors, in-tank gauges, float vent valves, overfill alarms, monitoring wells and Stage I and II vapor recovery equipment.

<sup>†</sup>A large print copy of this report is available upon request.

TC 3986	Precision Castparts Corporation	An alkaline wash cleaning system that replaces a trichloroethylene vapor steel castings cleaning system preventing the emission to the atmosphere of trichloroethylene, a Volatile Organic Compound (VOC).
TC 4032	Chevron USA, Inc.	Spill containment basins and Stage II vapor recovery hoses and nozzles.
TC 4066	Atlantic Richfield Company	An above-ground Stage II vapor recovery balance type system.
TC 4074	Atlantic Richfield Company	An above-ground Stage II vapor recovery balance type system.
TC 4102	D & G Rentals	Three STI-P3 underground storage tanks and fiberglass piping, spill containment basins, a tank gauge system, line leak detectors, overfill alarm, monitoring wells and automatic shutoff valves.
TC 4118	Willamette Industries, Inc.	Two baghouses and support equipment to control particulate emissions to the atmosphere generated by PSKM refiner cyclones.
TC 4121	Oregon Metallurgical Corporation	Two Duall scrubbers and associated support equipment for controlling atmospheric emissions from four titanium reduction furnaces.
TC 4123	Oregon Metallurgical Corporation	A caustic scrubber constructed in series with an existing HCL burner to control atmospheric emissions from the applicant's MgCL <sub>2</sub> separation process.
TC 4126	Minimart of Vernonia	Three composite (Buffhide) underground storage tanks and doublewall fiberglass piping, spill containment basins, tank gauge system, sumps, automatic shutoff valves, and Stage I and II vapor recovery piping.

TC 4131	Texaco Refining and Marketing, Inc.	Five doublewall fiberglass tanks and piping, spill containment basins, a tank gauge system, sumps, automatic shutoff valves, overfill alarm, line/turbine leak detectors, monitoring wells and Stage I and II vapor recovery equipment.
TC 4143	Cornelius Auto Repair Service, Inc.	A CFC facility consisting of a machine which removes and cleans automobile air conditioner coolant, preventing emissions to the atmosphere.
TC 4144	Hilltop Chevron, Inc.	A CFC facility consisting of a machine which removes and cleans automobile air conditioner coolant, preventing emissions to the atmosphere.
TC 4147	Miles Oil Company, Inc.	A UST-related facility consisting of fiberglass piping, spill containment basins, overfill alarm, sumps, automatic shutoff valves, line leak detectors, monitoring wells and Stage II vapor recovery piping.
TC 4148	Dennis Thompson Tigard Arco	One fiberglass underground storage tank and piping, spill containment basin, line leak detector and monitoring well.
TC 4149	Chris and Joan Horton	A grass seed straw baling, processing and transportation equipment and storage facility consisting of a Squeeze (Roadrunner), Freeman balers 330-T (2), a freightliner and trailers (2), a New Holland Rake 216, a Ford 7710 tractor, an International Hydro 100 tractor and a 22' x 106' x 144' shed for the storage of grass seed straw.
TC 4151	Applegate Automotive	A CFC facility consisting of a machine which removes and cleans automobile air conditioner coolant, preventing emissions to the atmosphere.

TC 4152	Phillip Atkinson	A grass seed straw baling, processing and transportation equipment facility consisting of Freeman balers (2), an International 966 tractor, a Lely 300 rake, a New Holland rake, an air compressor, bale counters and a Ford service pickup.
TC 4153	CJ's Alpine Services, Inc.	Three fiberglass underground storage tanks and doublewall enviroflex piping, spill containment basins, a tank gauge system, sumps, automatic shutoff valves, overflow alarm, line leak detectors, monitoring wells and Stage I and II vapor recovery equipment.
TC 4155	Emery's Texaco	Three STI-P3 underground storage tanks and doublewall fiberglass piping, spill containment basins, a tank gauge system with interstitial line monitoring, overflow alarm, monitoring well, sumps, automatic shutoff valves and Stage I vapor recovery equipment.
TC 4156	Orient Auto Service, Inc.	A CFC facility consisting of a machine which removes and cleans automobile air conditioner coolant, preventing emissions to the atmosphere.
TC 4158	Powerhouse Engines	A CFC facility consisting of a machine which removes and cleans automobile air conditioner coolant, preventing emissions to the atmosphere.
TC 4160	EDCO Sheet Metal, Inc.	A CFC facility consisting of a machine which removes air conditioner or commercial refrigerant coolant, preventing emissions to the atmosphere.

TC 4161	Sister's Oil Company, Inc.	Two 2-compartment STI-P3 underground storage tanks and fiberglass piping, spill containment basins, a tank gauge system, automatic shutoff valves, overfill alarm, line leak detectors, monitoring wells and Stage I and II vapor recovery piping.
TC 4162	Ladds Automotive Repair	A CFC facility consisting of a machine which removes and cleans automobile air conditioner coolant, preventing emissions to the atmosphere.
TC 4163	Al's Heating & A/C	A CFC facility consisting of a machine which removes and cleans air conditioner or commercial refrigerant coolant, preventing emissions to the atmosphere.
TC 4164	Oregon Caves Chevron	Three doublewall steel/fiberglass underground storage tanks, enviroflex piping, spill containment basins, a tank gauge system, overfill alarm, sumps, automatic shutoff valves, turbine leak detectors and Stage I and II vapor recovery piping.
TC 4165	Regency Car Wash, Inc.	Installation of epoxy lining into three steel underground storage tanks, spill containment basins and underground preparation of a tank gauge system.
TC 4166	Siberts Auto Body	A CFC facility consisting of a machine which removes and cleans automobile air conditioner coolant, preventing emissions to the atmosphere.
TC 4169	Pro Automotive	A CFC facility consisting of a machine which removes and cleans automobile air conditioner coolant, preventing emissions to the atmosphere.
TC 4170	Aire-Flo Heating & Air Conditioning, Inc.	A CFC facility consisting of a machine which removes air conditioner or commercial refrigerant coolant, preventing emissions to the atmosphere..

TC 4171	Aire-Flo Heating & Air Conditioning, Inc.	A CFC facility consisting of a machine which removes air conditioner or commercial refrigerant coolant, preventing emissions to the atmosphere.
TC 4172	Jimmy L. Arendell	Four doublewall fiberglass underground storage tanks and piping, spill containment basins, a tank gauge system, automatic shutoff valves, turbine leak detectors, monitoring wells and Stage I and II vapor recovery equipment.
TC 4182	Downtown Texaco	Three STI-P3 tanks and fiberglass piping, spill containment basins, a tank gauge system, automatic shutoff valves, turbine leak detectors and Stage I and II vapor recovery piping.

**Tax Credit Application Review Reports With Facility Costs Over \$250,000 (Accountant Review Reports Attached):**

Application Number	Applicant	Description
TC 3810	Riedel Environmental Technologies, Inc.	A solid waste pollution control landfill facility consisting of a bottom liner and leachate collection, storm water control, and groundwater monitoring systems together with top liner (and closure) and methane gas control final closure systems.
TC 3916	Evergreen Forest Products, Inc.	A water and hazardous waste treatment facility consisting of a concrete drip pad, steel sumps with a leak detection system, a tank containment area, a chemical unloading area, a roof structure over the drip pad and treated lumber storage area, a dedicated forklift and a paved storage yard.



6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$3,668,754.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4101.

BKF  
MISC\AH72920  
October 25, 1993

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 72%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$102,276 with 72% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4189.

Barbara J. Anderson  
(503) 229-5870  
December 2, 1993

	Eligible Facility Cost	Percent Allocable	Amount Allocable
<u>Corrosion Protection:</u>			
Doublewall fiberglass tanks and piping	\$59,596	53% (1)	\$31,586
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	928	100	928
Overfill alarm	198	100	198
<u>Leak Detection:</u>			
Tank gauge system	9,691	90 (2)	8,722
Turbine leak detectors	1,316	100	1,316
Monitoring well	134	100	134
Stage I vapor recovery	705	100	705
Labor & materials	29,708	100	29,708
Total	\$102,276	72%	\$ 73,297

- (1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$59,596 and the bare steel system is \$28,140, the resulting portion of the eligible tank and piping cost allocable to pollution control is 53%.
- (2) The applicant's cost for a tank gauge system is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant considered the method chosen to be the best available. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of five steel tanks and piping with no corrosion protection and no spill and overflow prevention or leak detection equipment.

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Doublewall fiberglass tanks and doublewall fiberglass piping.
- 2) For spill and overflow prevention - Spill containment basins and overflow alarm.
- 3) For leak detection - Tank gauge system, monitoring well and turbine leak detectors.
- 4) For VOC reduction - Stage I vapor recovery.

Contamination found at the site was reported to DEQ. The cleanup is in progress.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that the costs claimed by the applicant (\$102,276) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

December 7, 1993

Mr. William Wessinger, Chairman  
Environmental Quality Commission  
121 SW Salmon, Suite 1100  
Portland, Oregon 97204

Re: Tax Credit Application Nos. 3892, 4173 & 4189.

Dear Chairman and Members of the Commission,

Enclosed are three requests for certification for pollution control tax credit relief that the Department proposes to add to those that are to be reviewed at the December 10 meeting. The reports pertain to requests by Wacker Siltronic Corporation, Mr. Martin Richards and the Shirtcliff Oil Company, respectively. The external accountant's review is included in draft form for the Wacker Siltronic request. The final accounting review will be available for the meeting and will be an exact duplicate of the draft.

Sincerely,



Charles Bianchi  
Pollution Control Tax Credit Program  
Coordinator

Enclosures



811 SW Sixth Avenue  
Portland, OR 97204-1390  
(503) 229-5696  
TDD (503) 229-6993

DEQ-1



State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

---

1. Applicant

Wacker Siltronic Corporation  
7200 N.W. Front Avenue  
P.O. Box 83180  
Portland, Oregon 97283-0180

The applicant owns and operates a silicon wafer manufacturing facility in Portland, Oregon.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

The claimed facility consists of an upgraded industrial waste water treatment plant. The treatment plant treats process waste water from the manufacturing facility and discharges treated effluent to the Willamette River under an NPDES permit issued by the Department, as well as pretreated waste water to the City of Portland sanitary sewer system.

Claimed Facility Cost: \$2,822,407 (adjusted)  
(Accountant's Certification was provided).

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met statutory deadline in that construction of the facility was substantially completed on August 21, 1992 and the application for certification was found to be complete on September 23, 1993, within 2 years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control water pollution. The requirement is to comply with NPDES permit number 101128.

The claimed facility was built in part to alleviate permit violations, and in part to provide treatment of increased waste water flows from a possible expansion of the manufacturing facility.

Over the past several years, the applicant has experienced periodic violations of the permit limits for fluoride and Total Suspended Solids. These violations appear to have been due primarily to two factors: the concentration limits in the permit were overly stringent compared to Federal effluent guidelines, and the previous waste water treatment facility had little excess capacity or backup treatment capability.

In the course of renewing the applicant's NPDES permit in 1993, the Department agreed to allow higher concentration limits for fluoride and Total Suspended Solids, corresponding to the Federal Effluent Guideline limits for the applicant's industrial category. Although the Department increased the concentration limits, the load limits were not increased, in accordance with the Commission's policy as stated in Oregon Administrative Rule 340-41-026(2).

The claimed facility is a state-of-the-art waste water treatment plant, designed with excess capacity for all current and expected future waste water flows, as well as having backup capabilities in the event of individual treatment unit outages. The applicant has verified that the claimed facility was designed to achieve Federal Effluent Guideline limits for the current manufacturing facility (FAB I), as well as a proposed new manufacturing facility (FAB II).

The claimed facility is operating in compliance with its NPDES permit limits.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

The claimed facility produces no income, hence there is no annual percent return on the investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

There are no known alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings from the facility. The cost of maintaining and operating the facility is \$713,394 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.



- a) Department staff identified two claimed costs that are not eligible. These costs have been deducted from the applicants claimed facility cost as follows:

Claimed facility cost	\$3,032,063
P.30 Piledriving delay	<1,828>
<u>P.35 Eye-wash stations</u>	<u>&lt;15,328&gt;</u>
Adjusted facility cost	\$3,014,907

- b) The Environmental Quality Commission has directed that tax credit applications at or above \$250,000 go through an additional departmental accounting review to determine if costs were properly allocated. This review was performed under contract with the Department by the accounting firm of KPMG Peat Marwick.

The cost allocation review of this application identified the following issues:

The applicant had previously received a pollution control tax credit for their waste water treatment system. As part of the upgrades made to the system, seven (7) existing in-ground tanks were demolished. Since those tanks were part of the previous facility for which a tax credit was granted, the like-for-like replacement costs of the tanks must be deducted from the present eligible facility costs. The applicant provided an estimate of the like-for-like replacement cost of the tanks, totalling \$192,500; the eligible facility cost was reduced by this amount.

Adjusted facility cost (above)	\$3,014,907
Like-for-like replacement	
<u>cost of seven tanks</u>	<u>&lt;192,500&gt;</u>
Final adjusted facility cost	\$2,822,407

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to control water pollution. The requirement is to comply with NPDES permit number 101128.
- c. The facility complies with permit conditions.
- d. An independent accounting firm under contract with the Department has concluded that no further review procedures be performed on T-3892 (see attached review report).

- e. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$2,822,407 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. T-3892.

(George F. Davis):(GFD)  
(T-3892)  
(503) (229-6385 x 242)  
(December 3, 1993)

# DRAFT

December 3, 1993

Environmental Quality Commission  
811 S. W. Sixth Avenue  
Portland, Oregon 97204-1390

**Commissioners:**

At your request, we have performed certain agreed-upon procedures, as discussed below, on certain accounting records of Wacker Siltronic Corporation (the Company) and the Company's Pollution Control Tax Credit Application #3892 (the Application) filed with the State of Oregon, Department of Environmental Quality (DEQ) for a Water Pollution Control Facility in Portland, Oregon (the Facility). The application has a claimed Facility cost of \$3,032,063. Our procedures and findings are as follows:

**Procedures**

1. We read the application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits - Section 468.150 through 468.190 (Statutes), and the Oregon Administrative Rules on Pollution Control Tax Credits - Sections 340-16-005 through 340-16-050 (OAR's).
2. We reviewed certain documents which support the Application.
3. We discussed the Application with certain DEQ personnel, including Charles Bianchi and George Davis.
4. We discussed certain components of the Application with Company personnel including Thomas McCue, Environmental Manager.
5. We toured the Facility with Mr. McCue.

**Findings**

- The Application should be adjusted for \$17,156 of non-allowable costs previously identified by DEQ staff related to the following:

- P. 30 Pile driving delay \$ 1,828
- P. 35 Eye-wash stations 15,328

Total non-allowable costs \$ 17,156

**DRAFT**

Environmental Quality Commission  
 December 3, 1993  
 Page 2

- OAR 340-16-025 requires that the current claimed facility cost be reduced by the like-for-like replacement cost of any facility for which a pollution control facility certificate has previously been issued under ORS 468.170. OAR 340-16-010 defines like-for-like replacement cost as "the current price of providing a new facility of the same type, size and construction materials as the original facility."

Based on our discussions with Charles Bianchi of the DEQ, the Company had previously obtained a pollution control facility certificate for the original facility in 1981 for approximately \$770,000. In the current application, the claimed facility cost was not reduced for any like-for-like replacement costs of the original facility.

Based on our discussions with Thomas McCue, Environmental Manager, portions of the claimed facility are a replacement or reconstruction of part of the previously certified pollution control facility. Three in-ground waste water forwarding sumps and four in-ground waste water treatment units were replaced with units of new design and modernized controls.

At our request, the Company has obtained the following like-for-like replacement cost estimate for the replaced portion of the original facility from an independent third party. Based on our discussion with DEQ personnel, the replacement cost estimate appears to be reasonable.

- Like-for-like replacement cost \$ 192,500

As a result of the findings above, the allowable costs for the Application should be reduced to \$2,822,407 as summarized below:

Claimed facility cost	\$ 3,032,063
Non-allowable costs	(17,156)
Like-for-like replacement costs	<u>(192,500)</u>
Adjusted facility cost	\$ <u>2,822,407</u>

\*\*\*\*\*

Environmental Quality Commission  
December 3, 1993  
Page 3

# DRAFT

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified items should be adjusted, except for the items mentioned in our findings. Had we performed additional procedures or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company taken as a whole.

It is understood that this report is solely for the use of the State of Oregon Environmental Quality Commission, the Department of Environmental Quality and the Company and should not be used or distributed for any purpose to anyone who is not a party to the Application.

State of Oregon  
Department of Agriculture

TAX RELIEF APPLICATION REVIEW REPORT

---

1. Applicant

Martin Richards  
3459 SE Baldwin Drive  
Madras OR 97741

The applicant owns and operates a grass seed farm operation in Jefferson County, Oregon.

Application was made for tax credit for air pollution control equipment.

2. Description of Claimed Facility

The equipment described in this application is located at 3459 SE Baldwin Drive, Madras, Oregon. The equipment is owned by the applicant.

12' Rears Pulflail           \$10,328  
30' Rears Propane flamer \$ 5,500

Claimed equipment cost: \$15,828  
(The applicant provided copies of receipts and cancelled checks.)

3. Description of farm operation plan to reduce open field burning

The applicant has 132 acres under perennial grass seed cultivation. To replace the practice of open field burning the applicant purchased the Rears Pulflail to flail chop the stubble remaining after baling off the fields and purchased the Rears Propane Flamer to heat sanitize the fields. The applicant states that he will no longer conduct open field burning on his grass seed acreage.

4. Procedural Requirements

The equipment is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16. The equipment has met all statutory deadlines in that:

Purchase of the equipment was substantially completed on August 25, 1993. The application was submitted on November 10, 1993; and the application for final certification was found to be complete on November 18, 1993. The application was submitted within two years of substantial purchase of the equipment.

5. Evaluation of Application

a. The equipment is eligible under ORS 468.150 because the equipment is an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution. This reduction is accomplished by reduction of air contaminants, defined in ORS 468A.005; by reducing the maximum acreage to be open burned in the Willamette Valley as required in OAR 340-26-013; and, the facility's qualification as a "pollution control facility", defined in OAR 340-16-025(2)(f)(A): "Equipment, facilities, and land for gathering, densifying, processing, handling, storing, transporting and incorporating grass straw or straw based products which will result in reduction of open field burning" and (B): "Propane flamers or mobile field sanitizers which are alternatives to open field burning and reduce air quality impacts."

b. Eligible Cost Findings

In determining the percent of the pollution control equipment cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1. The extent to which the equipment is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2. The estimated annual percent return on the investment in the equipment.

There is no annual percent return on the investment as applicant claims no gross annual income.

3. The alternative methods, equipment and costs for achieving the same pollution control objective.

The method chosen is an accepted method for reduction of air pollution. The method is one of the least costly, most effective methods of reducing air pollution.

4. Any related savings or increase in costs which occur or may occur as a result of the purchase of the equipment.

There is an increase in operating costs to annually maintain and operate the equipment. These costs were considered in the return on investment calculation.

5. Any other factors which are relevant in establishing the portion of the actual cost of the equipment properly allocable to the prevention, control or reduction of air pollution.

There are no other factors to consider in establishing the actual cost of the equipment properly allocable to prevention, control or reduction of air pollution.

The actual cost of the equipment properly allocable to pollution control as determined by using these factors is 100%.

6. Summation

- a. The equipment was purchased in accordance with all regulatory deadlines.
- b. The equipment is eligible under ORS 468.150 as an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution as defined in ORS 468A.005.
- c. The equipment complies with DEQ statutes and rules.
- d. The portion of the equipment that is properly allocable to pollution control is 100%.

7. The Department of Agriculture's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$15,828, with 100% allocated to pollution control, be issued for the equipment claimed in Tax Credit Application Number TC-4173.

Jim Britton, Manager  
Smoke Management Program  
Natural Resources Division  
Oregon Department of Agriculture  
(503) 378-6792

jb:bm4173  
November 18, 1993



State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

---

1. Applicant

Shirtcliff Oil Co.  
P. O. Box 6003  
Myrtle Creek, OR 97457

The applicant owns and operates a retail gas station at 292 Pruner Rd., Tri City, OR, Facility No. 284.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage I vapor recovery.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are four doublewall fiberglass tanks and doublewall fiberglass piping, spill containment basins, tank gauge system, overflow alarm, turbine leak detectors, monitoring well and Stage I vapor recovery.

Claimed facility cost \$102,276  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on October 20, 1993 and placed into operation on October 20, 1993. The application for certification was submitted to the Department on December 1, 1993 was considered to be complete and filed on December 1, 1993, within two years of the completion date of the project.

Application Number	Applicant	Description
TC 3922	Lamb Weston, Inc.	An irrigation system installed to prevent groundwater pollution by irrigating wastewater at acceptable agronomic rates consisting of land acquisition, piping, center pivot irrigation systems and associated equipment.
TC 3979	Timber Products Company	An air pollution control facility consisting of an Electrified Filter Bed (EFB) HFC 50 electrostatic precipitator, a Northwest baghouse and support equipment.
TC 3993	Intel Corporation	An air pollution control facility consisting of an exhaust scrubber and related equipment.
TC 4006	Intel Corporation	A hazardous and solid waste segregation and collection facility consisting of tanks, drums, automatic valves, pumps and sumps.
TC 4007	Intel Corporation	A water pollution control facility consisting of an industrial wastewater pretreatment system and a chemical storage area with a roof and spill containment capability.
TC 4017	Rosboro Lumber Company	Two Breslove Fly Ash Collectors with support equipment and structures to control the emission of ash to the atmosphere from hog fuel boilers.
TC 4051	Boise Cascade Corporation	An air pollution control facility to reduce the emissions of total reduced sulfur consisting of piping, pumps, tanks, a heat exchanger and control instruments.
TC 4083	Timber Products Company	An air pollution control facility consisting of an Electrified Filter Bed (EFB) HFC 50 electrostatic precipitator, a Clarke baghouse and support equipment.

Application Number	Applicant	Description
TC 4101	Smurfit Newsprint Corporation	An air pollution control facility consisting of a Cottrell electrostatic precipitator and support equipment to control hog fuel boiler emissions.

### Background

Application report 3810, Riedel Environmental Technologies, Inc., provides the Department's analysis and recommendation regarding an application for pollution control tax credit certification for the firm's landfill facilities associated with the closed Killingsworth Fast Disposal Landfill in Portland, Oregon. The application was received by the DEQ on June 24, 1992, before the effective date of the revised rules on facilities that are integral to the operation of a business and the application is, therefore, not covered by those rules.

Riedel operated the landfill from November 1979 until December 27, 1989 when the facility closed and claims costs for a bottom liner and leachate collection, storm water control and groundwater monitoring systems dating from that period, which are disputed by the Department as violating the two-year requirement within which an applicant must apply for a tax credit. Riedel also claims relief for costs for landfill closure facilities consisting of a top liner and a methane collection system, which were substantially completed after June 24, 1990. The Department believes these closure-related facilities are in general eligible for tax credit relief, being substantially completed and operating to perform their intended function within two years of the June 24, 1992 date of application for tax credit certification.

Evaluation of the request for certification has been complicated by the fact that a fire at the landfill, which started recently, has destroyed a portion of the top liner and has required the closure of a portion of the methane collection system until the fire can be extinguished. The closure facilities are, therefore, not capable of operating to control pollution in accordance with regulatory requirements at this time.

In addition, the external accounting firm assigned to review the eligible and allocable costs claimed in the application was unable to substantiate a significant percentage of the claimed costs for each of the facility cost categories claimed by Riedel (see accompanying accounting review report, Coopers & Lybrand), although Riedel's CPA certification of actual costs stipulates that documentation for all but 7.4% of the total claimed costs was found and examined.

In light of the above circumstances, the Department recommends that the closure related costs (only) be certified for tax relief and that the certificate be held in abeyance and issued at such time as Riedel implements a corrective action plan approved by the Department to bring the closure facilities into compliance with regulatory requirements. However, if Riedel is unable to implement the corrective action plan by December 31, 1995, the Department recommends the certificate be deemed revoked as of that date.

with Riedel being provided the opportunity to request a contested case hearing should they wish to pursue that option at that time.

Application reports 3993, 4006 and 4007 pertain to a newly constructed facility placed into operation in September of 1992. The facility, located in Aloha, Oregon, is owned and operated by the Intel Corporation. Intel incorporated modern pollution control capabilities for air, water and hazardous waste prevention into the design of the plant and submitted a separate application for each of the three facilities. However, their accounting system did not enable them to identify specifically a significant percentage of the costs associated with the installation of the pollution control facilities. Intel proposed a methodology to estimate the total actual costs of the pollution control facilities, which was evaluated and modified by the DEQ staff. The evaluation of the applications by the DEQ staff was coordinated to insure that a common approach was used to determine the eligible facility costs. For costs that were required to be estimated, the Department identified, as accurately as possible, the additional incremental costs incurred by Intel to install the pollution control facilities.

A table is provided on page 255 that consolidates the analyses of the three applications and compares the results with the original claimed facility costs. The total recommended facility costs for the three applications are presented on one certificate to reduce administrative complexity for both Intel and the Department of Revenue.

Applications for Field Burning tax relief, 4149 and 4152, were evaluated by the Department of Agriculture and the DEQ under the revised rules for pollution control facilities that are integral to the operation of a business. The applicants are in the business of grass seed straw removal and sales. The revised rules require that applicants identify the Standard Industrial Classification (SIC) that best describes their businesses to determine the industry's average median profit before taxes for the five years prior to the completion of the facility for use as a factor in the formula for calculating the percentage of eligible costs that are allocable to pollution control. In reviewing the definitions of the SICs that might reasonably apply to the grass seed straw processing business, the applicants, in conjunction with the Department of Agriculture and the Department, determined that the classification that best describes this business activity is SIC 5261, Combined wholesale/retail Farm and Garden Equipment and Supplies, Nurseries, Lawn & Garden Supply Stores. Although this may seem an imperfect description, it should be noted that the definitions of the Standard Industrial Classifications presented in the Robert Morris Associates Index to the Annual Statement Studies tend to be broad and that the grass seed straw business includes retailing, wholesaling and service elements. The resulting percentage allocable factor using this SIC was 29% for both applications.

In addition, the department recommends the revocation of certificate number 2299 issued to Trapp's Eastside Veltex Station on November 2, 1990 and the transfer of the remaining balance of the certificate to Mr. Gary Chobot. Mr. Chobot purchased the property on which the subject pollution control facility is located earlier this year. The DEQ verified that the sale occurred and that Mr. Chobot is the current rightful owner.

**Authority to Address the Issue**

ORS 468.150 through 468.190 and OAR 340-16-005 through 340-16-050 (Pollution Control Facilities Tax Credit).

ORS 468.925 through 468.965 and OAR 340-17-010 through 340-17-055 (Reclaimed Plastic Product Tax Credit).

**Alternatives and Evaluation**

None.

**Summary of Any Prior Public Input Opportunity**

The Department does not solicit public comment on individual tax credit applications during the staff application review process. Opportunity for public comment exists during the Commission meeting when the applications are considered for action.

**Conclusions**

- o The recommendations for action on the attached applications are consistent with statutory provisions and administrative rules related to the pollution control facilities and reclaimed plastic product tax credit programs.
- o Proposed December 10, 1993 Pollution Control Tax Credit Totals:

<u>Certificates</u>	<u>Certified Costs*</u>	<u>No.</u>
Air Quality	\$ 11,339,741	13
CFC	29,644	12
Field Burning	316,260	2
Hazardous Waste	379,973	1
Noise	0	0
Plastics	0	0
Solid Waste - Recycling	0	0
Solid Waste - Landfills	1,410,624	1
Water Quality	6,845,157	3
UST	1,418,167	16
	-----	-----
TOTALS	\$ 21,739,566	48

Note: the total amount for three closely related applications, 3993, 4006 & 4007 was presented for approval on one certificate. However, the amounts are presented separately in the table above because the applications pertain to three separate categories of tax credits, Air Quality, Hazardous Waste and Water Quality facilities. As a result, the actual number of certificates presented for approval for this report is 46, not 48.

Calendar Year Totals Through October 29, 1993:

<u>Certificates</u>	<u>Certified Costs*</u>	<u>No.</u>
Air Quality	\$ 3,611,176	26
CFC	105,037	37
Field Burning	2,590,437	32
Hazardous Waste	0	0
Noise	0	0
Plastics	32,097	4
Solid Waste - Recycling	1,455,468	13
Solid Waste - Landfills	10,100,739	6
Water Quality	20,314,911	30
UST	5,794,736	54
<b>TOTALS</b>	<b>\$ 44,004,601</b>	<b>202</b>

\* These amounts represent the total facility costs. To calculate the actual dollars that can be applied as credit, the total facility cost is multiplied by the determined percent allocable of which the net credit is 50 percent of that amount.

**Recommendation for Commission Action**

It is recommended that the Commission approve certification for the tax credit applications as presented in Attachment A of the Department Staff Report, which includes field burning applications recommended by the Department of Agriculture. The Department also recommends approval of the transfer of certificate number 2299 from Trapp's Eastside Veltex Station to Mr. Gary Chobot, the current owner of the facility.

**Intended Followup Actions**

Notify applicants of Environmental Quality Commission actions.

**Attachments**

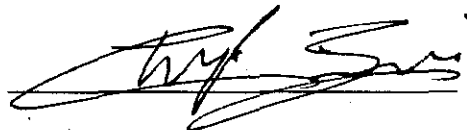
- A. Pollution Control Tax Credit Application Review Reports.

**Reference Documents (available upon request)**

1. ORS 468.150 through 468.190.
2. OAR 340-16-005 through 340-16-050.
3. ORS 468.925 through 468.965.
4. OAR 340-17-010 through 340-17-055.

Approved:

Section:



Division:

Report Prepared By: Charles Bianchi

Phone: 229-6149

Date Prepared: November 29, 1993

Charles Bianchi  
TCDEC.EQC  
Nov. 9, 1993 Draft

State of Oregon  
Department of Environmental Quality

Transfer of Pollution Control Facility Certificate

1. Certificate to be transferred from:

Trapp's Eastside Veltex Station  
1003 E. 8th Street  
The Dalles, Oregon 97058

Certificate to be transferred to:

Mr. Gary Chobot  
2702 E. 2nd St.  
The Dalles, Oregon 97058

2. Transfer Request

Mr. Gary Chobot requests that the Environmental Quality Commission approve the transfer of the certificate identified below from Trapp's Eastside Veltex Station. The transfer is necessary because Mr. Chobot purchased the property on which the pollution control facility is located, 2702 E. 2nd Street, The Dalles, OR from Milford J. and Anna L. Trapp (dba Trapp's Eastside Veltex Station) on May 26, 1992. The pollution control facility certificate was issued to Trapp's Eastside Veltex Station on November 02, 1990.

3. Description of Certificate (Copy Attached)

<u>Certificate</u>	<u>Issuance Date</u>	<u>Certified Cost</u>
2299 97% allocable to pollution control.	11/02/90	\$19,267.00

4. Summation

Due to the sale of the claimed facility, Mr. Gary Chabot requests the Environmental Quality Commission to transfer tax credit certificate 2299 from Trapp's Eastside Veltex Station to Mr. Chabot.

5. Director's Recommendation

The Director recommends that the Environmental Quality Commission approve the transfer of the above identified certificate. The transfer is valid only for the remaining available tax relief for the certificate.



Certificate No. 2299  
\* Date of Issue 11/02/90  
Application No. TC-3224

State of Oregon  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
POLLUTION CONTROL FACILITY CERTIFICATE

Issued to: Trapp's Eastside Veltex Station 1003 E. 8th Street The Dalles, OR 97058295	Location of Pollution Control Facility: 2702 E. 2nd Street The Dalles, OR
As: ( ) Lessee (X) Owner	
Description of Pollution Control Facility: Installation of impressed current cathodic protection on 3 steel UST's & piping, spill containment basins, overflow float valves, tank monitor, monitoring wells & pump check valves.	
Type of Pollution Control Facility: ( ) Air ( ) Noise (X) Water ( ) Solid Waste ( ) Hazardous Waste ( ) Used Oil	
Date Facility was completed: December 18, 1989 Placed into Operation: December 18, 1989	
Actual Cost of Pollution Control Facility: \$19,267.00	
Percent of actual cost properly allocable to pollution control: 97 Percent	

Based upon the information contained in the application referenced above, the Environmental Quality Commission certifies that the facility described herein was erected, constructed or installed in accordance with the requirements of subsection (1) of ORS 468.165, and is designed for, and is being operated or will operate to a substantial extent for the purpose of preventing, controlling or reducing air, water or noise pollution or solid waste, hazardous wastes or used oil, and that it is necessary to satisfy the intents and purposes of ORS Chapters 454, 459, 467 and 468 and rules adopted thereunder.

Therefore, this Pollution Control Facility Certificate is issued this date subject to compliance with the statutes of the State of Oregon, the regulations of the Department of Environmental Quality and the following special conditions:

1. The facility shall be continuously operated at maximum efficiency for the designed purpose of preventing, controlling, and reducing the type of pollution as indicated above.
2. The Department of Environmental Quality shall be immediately notified of any proposed change in use or method of operation of the facility and if, for any reason, the facility ceases to operate for its intended pollution control purpose.
3. Any reports or monitoring data requested by the Department of Environmental Quality shall be promptly provided.

NOTE: The facility described herein is not eligible to receive tax credit certification as an Energy Conservation Facility under the provisions of Chapter 512, Oregon Law 1979, if the person issued the Certificate elects to take the tax credit relief under ORS 316.097 or 317.072.

Signed William P. Hutchison, Jr.

Title William P. Hutchison, Jr., Chairman

Approved by the Environmental Quality Commission  
on the 2nd day of November, 1990.

\*To be effective as of 10/31/90

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

---

1. Applicant

BP Oil Company  
200 Public Square, 24-H  
Cleveland, OH 44114-2375

The applicant owns and operates a retail gas station at 12975 SW Canyon Rd., Beaverton, OR, Facility No. 729.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage I and Stage II vapor recovery piping.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are doublewall fiberglass piping, spill containment basins, automatic shutoff valves, line leak detectors, Stage I and II vapor recovery piping.

Claimed facility cost \$82,143  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on January 20, 1991 and placed into operation on January 20, 1991. The application for certification was submitted to the Department on August 5, 1992 was considered to be complete and filed on September 1, 1992, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of three steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Doublewall fiberglass piping.
- 2) For spill and overfill prevention - Spill containment basins and automatic shutoff valves.
- 3) For leak detection - Line leak detectors.
- 4) For VOC reduction - Stage I and II vapor recovery piping.

Contamination found at the site was reported to DEQ. Cleanup is in progress.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that the costs claimed by the applicant (\$82,143) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant considered the methods used to be the most cost effective. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
	_____	_____	_____
<u>Corrosion Protection:</u>			
Doublewall fiberglass piping	\$ 5,600	76% (1)	\$ 4,256
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	5,119	100	5,119
Automatic shutoff valves	2,317	100	2,317
<u>Leak Detection:</u>			
Line leak detectors	958	100	958
Stage I vapor recovery	249	100	249
Labor & materials (incl. Stage II piping	67,900	100	67,900
	_____	_____	_____
Total	\$82,143	98%	\$80,799

- (1) The Department has determined the percent allocable on the cost of a corrosion protected piping system by using a formula based on the difference in cost between the protected piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$5,600 and the bare steel system is \$1,370, the resulting portion of the eligible piping cost allocable to pollution control is 76%.

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."
- c. The facility complies with DEQ statutes and rules.

- d. The portion of the facility cost that is properly allocable to pollution control is 98%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$82,143 with 98% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3832.

Mary Lou Perry  
(503) 229-5731  
October 16, 1992

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

BP Oil Company  
200 Public Square 24-H  
Cleveland, OH 44114-2375

The applicant owns and operates a retail gas station at 2090 River Road, Eugene, OR, Facility No. 781.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are four fiberglass tanks and doublewall fiberglass piping, spill containment basins, line/turbine leak detectors, monitoring wells, automatic shutoff valves and an oil/water separator.

Claimed facility cost \$ 98,706  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on November 16, 1990 and placed into operation on November 16, 1990. The application for certification was submitted to the Department on August 5, 1992 was determined to be complete and filed on September 1, 1992, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of four steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Fiberglass tanks and doublewall fiberglass piping.
- 2) For spill and overfill prevention - Spill containment basins and automatic shutoff valves.
- 3) For leak detection - Line/turbine leak detectors and monitoring wells.

The applicant also installed an oil/water separator.

Contamination found at the site was reported to DEQ. Cleanup is in progress.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.



b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant considered the method chosen to be the most cost effective. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
	<hr/>	<hr/>	<hr/>
<u>Corrosion Protection:</u>			
Fiberglass tanks and piping	\$25,676	41% (1)	\$10,527
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	4,015	100	4,015
Automatic shutoff valves	2,683	100	2,683
<u>Leak Detection:</u>			
Line/turbine leak detectors	6,367	100	6,367
Monitoring wells	647	100	647
Oil/water separator	4,902	100	4,902
Labor and materials	54,416	100	54,416
	<hr/>	<hr/>	<hr/>
Total	\$98,706	85%	\$83,557

- (1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$25,676 and the bare steel system is \$15,217, the resulting portion of the eligible tank and piping cost allocable to pollution control is 41%.

## 5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 85%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$98,706 with 85% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3836.

Mary Lou Perry  
(503) 229-5731  
October 30, 1992

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Jeld-Wen, Inc.  
Klamath Door  
P.O. Box 1329  
Klamath Falls, OR 97601

The applicant owns and operates solid pine door manufacturing plant in Klamath Falls, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility controls the emissions of wood dust from the applicants door manufacturing operations expanded pneumatic waste transport system. The facility consists of a Clarke 95-20 Pneu-Air primary filter baghouse and support equipment.

Claimed Facility Cost: \$97,670.00

Accountant's Certification was provided.

The applicant indicated the useful life of the facility is twenty years.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Installation of the facility was substantially completed on June 12, 1992 and placed into operation on June 15, 1993. The application for final certification was received by the Department on December 7, 1992. The application was found to be complete on October 11, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution. This is in accordance with OAR Chapter 340, Division 21, rule 240. The air contaminant Discharge Permit for this source, 18-0006, item 2 requires the permittee to control particulate emissions. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The facility controls the particulate emissions from the applicants pneumatic waste transport system. The waste transport system removes sawdust produced on a new production line. The facility consists of a Clarke 95-20 primary filter baghouse, a fire protection system, electrical materials, and support equipment. The pneumatic transport system collects waste material (primarily sawdust) from the new pine door manufacturing line. Individual sources include several saws and sanders. The waste transport system delivers the waste to a cyclone located beneath the baghouse. The cyclone collects most of this material and emits dust laden air to the baghouse. The exhaust stream is directed into the bagfilters where dust accumulates. A rotating manifold directs low pressure reverse flow air to individual bags removing the dust and returning it to the cyclone. The filtered exhaust air is returned indoors to the manufacturing area for recapture of the heat energy contained in the air. The cost of ducting used to return this air is not claimed in the application.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste

products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

The applicant indicates in the application there is no income or savings from the facility, so there is no return on the investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Baghouses are technically recognized as an acceptable method for controlling the emissions of particulate from wood waste pneumatic transport systems.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There is no savings from the facility. The cost of maintaining and operating the facility is \$16,880.00 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution. The principal purpose of the facility is to control a substantial quantity of air pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the

facility is to comply with a requirement imposed by the Department to control air pollution.

- c. The facility complies with DEQ statutes, rules, and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$97,670.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3918.

BKF:  
MISC\AH72914  
November 8, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Texaco Refining & Marketing, Inc.  
1800 SW First Suite 180  
Portland, OR 97201

The applicant owns and operates a gasoline dispensing station at 2450 SE 122nd, Portland OR 97233, facility no. 856.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage I and Stage II vapor recovery piping.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of five fiberglass underground storage tanks, fiberglass piping, spill containment basins, line leak detectors, tank gauge system, float vent valves, overfill alarms, monitoring wells and Stage I vapor recovery equipment and piping for Stage II vapor recovery.

Claimed facility cost \$ 156,634  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on December 30, 1990 and placed into operation on December 30, 1990. The application for certification was submitted to the Department on December 28, 1992, within two years of the completion date.



4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of four bare steel underground storage tanks with no corrosion protection and no spill and overflow prevention or leak detection equipment.

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Fiberglass underground storage tanks and piping.
- 2) For spill and overflow prevention - Spill containment basins, overflow alarms and float vent valves.
- 3) For leak detection - Tank gauge system, line leak detectors and monitoring wells.
- 4) For VOC Reduction - Stage I vapor recovery equipment and piping for Stage II vapor recovery.

The applicant reported that soil testing was performed at the time of tank removal and contamination was found. Cleanup is in progress.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that the costs claimed by the applicant (\$156,634) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant considered the method chosen to offer the best pollution control. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table.

	Eligible Facility Cost	Percent Allocable		Amount Allocable
<b>Corrosion Protection:</b>				
Fiberglass tanks & piping	\$ 60,419	69	% (1)	\$ 41,689
Connectors & flex boots	2,609	100		2,609
<b>Spill &amp; Overfill Prevention:</b>				
Spill containment basins	1,006	100		1,006
Float vent valves	600	100		600
Overfill alarms	380	100		380
<b>Leak Detection:</b>				
Tank gauge system	5,488	90	(2)	4,939
Line leak detectors	7,068	100		7,068
Monitoring wells	919	100		919
Labor & materials (Includes Stage I & Stage II vapor recovery equipment	78,145	100		78,145
Total	\$ 156,634	88	%	\$ 137,355

- (1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$60,419 and the bare steel system is \$18,551, the resulting portion of the eligible tank and piping cost allocable to pollution control is 69%.
- (2) The applicant's cost for a tank monitor is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 88%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$156,634 with 88% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3946.

Mary Lou Perry:ew  
(503) 229-5731  
November 8, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Precision Castparts  
SSBO Facility  
4600 S.E. Harney Drive  
Portland, OR 97206

The applicant owns and operates an investment metal casting plant in Portland, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility prevents the atmospheric emission of the Volatile Organic Compound, trichloroethylene, from the applicants metal casting cleaning process. The facility replaces a trichloroethylene vapor steel castings cleaning system with an alkaline wash cleaning system.

Claimed Facility Cost: \$227,725.50

Accountant's Certification was provided.

The applicant indicated the useful life of the facility is ten years.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Construction of the facility was substantially completed on December 31, 1991 and placed into operation on December 31, 1991. The application for final certification was received by the Department on December 22, 1992. The application was found to be complete on November 2, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution. The Air Contaminant Discharge Permit for this source, 03-2674, requires the applicant to control Volatile Organic Compounds (VOC) emissions. This is in accordance with OAR Chapter 340, Division 28, rule 1930. The emissions reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The claimed facility prevents the emission of the VOC, trichloroethylene, from the applicants steel castings degreasing process. The degreasing process removes oil from the steel castings prior to fluorescent inspection for faults. The facility, an alkaline cleaning system, replaces the applicants prior vapor degreasing system which used trichloroethylene in a vapor form to remove oil from steel castings. Installation of the alkaline cleaning system has prevented the emission of 33 tons of VOC each year.

The facility consists of tanks, conveyors, a dryer, ventilation equipment, electrical materials, and plumbing materials. Steel castings are loaded onto a conveyor which moves the parts through the alkaline cleaning system. The first stage of the cleaner dips castings into a mild alkaline cleaning solution kept at a temperature of 120 degrees fahrenheit. The second and third stage rinse the steel castings with cold water. The fourth stage sprays the steel castings with hot de-ionized water. The fifth stage directs a down draft across the steel castings to remove excess water. The final stage is a dryer which removes all moisture from the castings in preparation for the fluorescent inspection procedure. The cleaning agent used has the commercial name of Turco 4215 NC-LT. The material safety data sheet indicates the substance contains no components defined to be carcinogens.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the

following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

The average annual cash flow is \$37,482 which results from the value of operational savings. Dividing the average annual cash flow into the cost of the facility gives a return on investment factor of 6.06. Using Table 1 of OAR 340-16-30 for a useful life of ten years gives an annual return on investment of 10.25%. As a result, the percent allocable is 43%. A reference percent return of investment of 18.1% was used for the purposes of this calculation because the application was submitted prior to February 1, 1993.

- 3) The alternative methods, equipment, and costs for achieving the same pollution control objective.

Pollution prevention is an effective and cost efficient approach for eliminating emissions of VOC to the atmosphere.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The savings resulting from the installation of the alkaline cleaning system is \$37,482.00. The vapor degreaser maintenance and operating costs would have been \$67,062.00. This cost results primarily from the need to purchase trichloroethylene. The cost of maintaining and operating the alkaline cleaning system is \$29,580.00 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air

pollution.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention of pollution. The principal purpose of the facility is to prevent a substantial quantity of air pollution.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 43%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department reduce air pollution.
- c. The facility complies with DEQ statutes, rules, and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$227,726.00 with 43% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3986.

BKF:a  
MISC\AH72916  
November 8, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Chevron USA, Inc.  
2410 Camino Ramon  
San Ramon, CA 94583

The applicant owns and operates retail service station #200841 at 2281 NW 185th, Hillsboro, OR, Facility No. 11262.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage II vapor recovery equipment.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are spill containment basins and Stage II vapor recovery hoses and nozzles.

Claimed facility cost \$27,179  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on April 3, 1992 and placed into operation on April 4, 1992. The application for certification was submitted to the Department on April 16, 1993 was considered to be complete and filed on October 20, 1993, within two years of the completion date of the project.



4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of three steel tanks and piping with corrosion protection and leak detection equipment, but no spill containment or Stage II vapor recovery equipment.

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For spill and overflow prevention - Spill containment basins.
- 2) For VOC reduction - Stage II vapor recovery, hoses & nozzles on four dispensers.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current. The facility is also in compliance with Stage II vapor recovery rules.

The Department concludes that the costs claimed by the applicant (\$27,179) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant indicated no alternative methods were available. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
	_____	_____	_____
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	603	100	603
Stage II vapor recovery (incl. 24 hoses and nozzles on four dispensers)	2,463	100	2,463
Labor and materials	24,113	100	24,113
	_____	_____	_____
Total	\$27,179	100%	\$27,179

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$27,179 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4032.

Barbara J. Anderson  
(503) 229-5870  
October 29, 1993

State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Atlantic Richfield Company  
Arco Products Company  
17315 Studebaker Road  
Cerritos, California 90701-1488

The applicant owns and operates a gasoline sales and service station in Portland, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility is an above ground stage II vapor recovery balance type system. The applicant documented costs for Emco Wheaton nozzles (model numbers A4005 and A4015), retrofit kits, additional miscellaneous equipment, and installation. Costs are also claimed for the installation of underground vapor control piping. The facility reduces the emissions of gasoline vapors into the atmosphere.

Claimed Facility Cost: \$35,116.00

Accountant's Certification was provided.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Construction and installation of the facility was substantially completed on May 5, 1992. The facility was placed into operation on May 5, 1992. The application for final certification was received by the Department on April 28, 1993, within two years of substantial completion of the facility. The application was found to be complete on June 10, 1993.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to prevent the escape of gasoline vapors into the atmosphere. This is in accordance with OAR Chapter 340-22-110. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The applicant installed Department approved vapor recovery gasoline dispensing nozzles. Individual service stations will be inspected by the Department in the future. Inspections will document that the resistance to flow of vapor within the stage II system is less than 0.95 inches of water. Stations which do not comply at the time of the inspections will be required to take steps to reduce the vapor flow resistance to below 0.95 inches of water. Remediation efforts will be ineligible for pollution control facility tax credit certification.

The facility prevents gasoline vapors from escaping into the atmosphere. The face plate on the nozzle delivering the gasoline forms a tight seal on the fill pipe of the automobile gas tank. As the spout dispenses gasoline there is a small pressure increase created in the automobile gasoline tank due to the additional volume of the added fuel. This pressure increase drives the gasoline vapor from the automobile fuel tank through a secondary line in the nozzle back into the underground storage tank. The gasoline vapor travels through a secondary containment pipe surrounding the pipe the gasoline is dispensed through. The underground tank receives the additional volume in the form of gasoline vapors. There is no net pressure increase in the underground tank because the tank has already dispensed an equivalent volume of liquid gasoline. The vapor recovered is vapor that would otherwise escape from the automobile tank and the gasoline dispensing nozzle into the atmosphere.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been

considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

A portion of the waste product is converted into a salable or usable commodity consisting of recovered gasoline. It is the position of the Department that the volume of gasoline recovered is of an insignificant economic benefit.

- 2) The estimated annual percent return on the investment in the facility.

The applicant indicates in the application there is no income or savings from the facility, so there is no return on the investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant identified no alternative.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant indicated there were no savings or increase in costs as a result of the facility modification.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to reduction of pollution. The principal purpose of the facility is to prevent a substantial quantity of air pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to reduce air pollution.
- c. The facility complies with Department rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$35,116.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4066.

BKF:aq  
MISC\AH71769K

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Atlantic Richfield Company  
Arco Products Company  
17315 Studebaker Road  
Cerritos, California 90701-1488

The applicant owns and operates a gasoline sales and service station in Portland, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility is an above ground stage II vapor recovery balance type system. The applicant documented costs for Emco Wheaton nozzles (model numbers A4005 and A4015), retrofit kits, additional miscellaneous equipment, and installation. Costs are also claimed for the installation of underground vapor control piping. The facility reduces the emissions of gasoline vapors into the atmosphere.

Claimed Facility Cost: \$48,182.00

A distinct portion of the claimed facility costs are not allocable to pollution control. This is in accordance with OAR 340-16-025 (3). The applicant claimed costs for on site remediation efforts. The applicant attributed \$41,292.00 to unspecified labor and materials.

Adjusted Facility Cost: \$6,890.00

Accountant's Certification was provided.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Construction and installation of the facility was substantially completed on April 3, 1992. The facility was placed into operation on April 3, 1992. The



application for final certification was received by the Department on May 7, 1993, within two years of substantial completion of the facility. The application was found to be complete on June 10, 1993.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to prevent the escape of gasoline vapors into the atmosphere. This is in accordance with OAR Chapter 340-22-110. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The applicant installed Department approved vapor recovery gasoline dispensing nozzles. Individual service stations will be inspected by the Department in the future. Inspections will document that the resistance to flow of vapor within the stage II system is less than 0.95 inches of water. Stations which do not comply at the time of the inspections will be required to take steps to reduce the vapor flow resistance to below 0.95 inches of water. Remediation efforts will be ineligible for pollution control facility tax credit certification.

The facility prevents gasoline vapors from escaping into the atmosphere. The face plate on the nozzle delivering the gasoline forms a tight seal on the fill pipe of the automobile gas tank. As the spout dispenses gasoline there is a small pressure increase created in the automobile gasoline tank due to the additional volume of the added fuel. This pressure increase drives the gasoline vapor from the automobile fuel tank through a secondary line in the nozzle back into the underground storage tank. The gasoline vapor travels through a secondary containment pipe surrounding the pipe the gasoline is dispensed through. The underground tank receives the additional volume in the form of gasoline vapors. There is no net pressure increase in the underground tank because the tank has already dispensed an equivalent volume of liquid gasoline. The vapor recovered is vapor that would otherwise escape from the automobile tank and the gasoline dispensing nozzle into the atmosphere.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

A portion of the waste product is converted into a salable or usable commodity consisting of recovered gasoline. It is the position of the Department that the volume of gasoline recovered is of an insignificant economic benefit.

- 2) The estimated annual percent return on the investment in the facility.

The applicant indicates in the application there is no income or savings from the facility, so there is no return on the investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant identified no alternative.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant indicated there were no savings or increase in costs as a result of the facility modification.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

The eligible facility costs have been determined to be \$6,890.00 after adjusting for a distinct portion of the facility which is not eligible for tax credit certification. This is discussed in section 2 of this report.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to reduce air pollution.
- c. The facility complies with Department rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$6,890.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4074.

BKF:aq  
MISC\AH71769P

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

D & G Rentals  
Duckett - George Partnership  
P. O. Box 5030  
Charleston, OR 97420

The applicant owns and operates a gas station/grocery store at 5092 Boat Basin Dr., Charleston, OR, Facility No. 9324.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are three STI-P3 tanks and fiberglass piping, spill containment basins, tank gauge system, line leak detectors, overflow alarm, monitoring wells and automatic shutoff valves.

Claimed facility cost \$ 71,637\*  
(Accountant's certification was provided)

\*The Department concludes that the eligible facility cost for the project is \$66,647. This represents a difference of \$4,990 from the applicant's claimed cost of \$71,637 due to a determination by the Department that the cost of pumps is not eligible pursuant to the definition of a pollution control facility in ORS 468.155.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on October 30, 1992 and placed into operation on October 30, 1992. The application for certification was submitted to the Department on June 29, 1993 was determined to be complete and filed on October 10, 1993, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases into soil or water. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of three steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - STI-P3 tanks and fiberglass piping.
- 2) For spill and overfill prevention - Spill containment basins, overfill alarm and automatic shutoff valves.
- 3) For leak detection - Tank gauge system, line leak detectors and monitoring wells.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant considered the method chosen to be the most cost effective. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
	-----	-----	-----
<u>Corrosion Protection:</u>			
STI-P3 tanks and fiberglass piping	\$13,658	36% (1)	\$ 4,917
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	1,180	100	1,180
Overfill alarm	195	100	195
Automatic shutoff valves	1,124	100	1,124
<u>Leak Detection:</u>			
Tank gauge system	8,865	90 (2)	7,979
Line leak detectors	1,340	100	1,340
Monitoring wells	334	100	334
Labor and materials	39,951	100	39,951
	-----	-----	-----
Total	\$66,647	86%	\$57,020

- (1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$13,658 and the bare steel system is \$8,793, the resulting portion of the eligible tank and piping cost allocable to pollution control is 36%.
- (2) The applicant's cost for a tank gauge system is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases in soil or water. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 86%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$66,647 with 86% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4102.

Barbara J. Anderson

(503) 229-5870

November 1, 1993



State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Willamette Industries, Inc.  
Duraflake Division  
1300 SW Fifth Avenue, 3800 First Interstate Tower  
Portland, Oregon, 97201

The applicant owns and operates a particleboard manufacturing plant in Albany, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility controls particulate emissions to the atmosphere generated by the applicant's PSKM refiner cyclones. The facility consists of two baghouses and support equipment.

Claimed Facility Cost: \$124,462.00

Accountant's Certification was provided.

The applicant indicated the useful life of the facility is ten years.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Installation of the facility was substantially completed on July 12, 1992 and placed into operation on July 12, 1992. The application for final certification was received by the Department on July 15, 1993. The application was found to be complete on July 15, 1993 within two years of substantial completion of the facility.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution. This is in accordance with OAR Chapter 340, Division 21, rules 015 and 030. The air contaminant Discharge Permit for this source, 22-0143, items 2 and 3 require the permittee to control the emissions of particulate to the atmosphere. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The claimed facility controls the atmospheric emissions of the applicant's PSKM pneumatic conveyance system. The facility consists of two Western Pneumatics 256 baghouses, fans, ducting, electrical equipment, and support equipment. Department inspections of the PSKM cyclones has shown the baghouses to be operating in compliance.

The filter media of each baghouse consists of hanging fabric filters supported on tubular frames in a containment structure. Particulate laden exhaust is drawn through ducting into the baghouses through the surface of the fabric filters where it accumulates. A reverse flow of air is periodically directed through each filter causing the accumulated particulate to fall into a collection bin located beneath the hanging filters. Each baghouse is equipped with a fire detection and suppression system. Three motors are used in each baghouse. The negative air fan motor is used for pulling air through the baghouse. The cleaning fan motor is used to push reverse air through bagfilters for removal of accumulated particulate. The carriage motor rotates the reverse air fan so it periodically delivers reverse air to each bagfilter.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility recovers 47 tons of wood dust per year.

- 2) The estimated annual percent return on the investment in the facility.

Annual operating expenses exceed income from the facility, so there is no return on investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Baghouses are technically recognized as an acceptable method for controlling the emissions of particulate from wood waste pneumatic transport systems.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant realizes a savings of \$3,200.00 annually from the value of the recovered wood dust plus avoided landfill expenses. The cost of maintaining and operating the facility is \$43,608.00 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution. The principal purpose of the facility is to control a substantial quantity of air pollution.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution.
- c. The facility complies with DEQ statutes, rules, permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$124,462.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4118.

BKF:a  
MISC\AH72921  
October 28, 1993

State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Oregon Metallurgical Corporation  
P.O. Box 580  
Albany, OR 97321

The applicant owns and operates a Titanium manufacturing plant in Albany, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The facility controls atmospheric emissions from two Titanium reduction furnaces. The claimed facility consists of two Duall scrubbers and associated support equipment.

Claimed Facility Cost: \$313,274.88

A distinct portion of the claimed facility makes an insignificant contribution to pollution control. The applicant claimed \$97,390.61 for dismantling and salvaging of material moved for plant expansion.

Adjusted Facility Cost: \$215,884.27

Accountant's Certification was provided.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Construction, of the facility was substantially completed on August 31, 1991 and placed into operation on August 31, 1991. The application for certification was submitted to the Department on July 28, 1993, within two years of substantial completion of the facility. The application was found to be complete on August 5, 1993.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because its principal purpose is to comply with a requirement imposed by the Department to control air pollution. This is in accordance with OAR chapter 340, Division 21, rule 035 through 045. The air contaminant discharge permit for this source, 22-0328, condition 4(a) requires the permittee to limit particulate emissions from the Titanium sponge plant. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The Duall scrubber controls particulate emissions from Titanium reduction furnaces #9 through 12. The emissions include  $TiCl_4$ ,  $TiOCl_2$ , HCl,  $MgCl_2$ , and MgO. Duall scrubbers have been effective in controlling emissions of the sponge reduction furnaces prior to the addition of furnaces #9 and #11. The Duall scrubbers claimed in this application provide additional pollution control for increased production. The plant is considered to be in compliance.

The facility consists of two Duall scrubbers, two 60 horsepower fans, ducting, and support structures. The exhaust air stream from each furnace is drawn into the duct system through hoods located over the furnace. The duct system routes the exhaust to a scrubber. The front section of the scrubber sprays a water mist into the exhaust stream which wets and cools the gas stream while dissolving some of the particulate. The next section of the scrubber is filled with a hollow spherical polypropylene packing media. The surface of this section is kept moist with the water spray. The scrubber fan pulls exhaust through the scrubber where particulate and fumes are adsorbed on the media surface. In the next section the exhaust air stream passes through a louvre type barrier. Entrained water droplets in the exhaust stream impacts with this barrier removing it from the exhaust stream. The filtered exhaust is drawn through the fan and vented through the stack on the scrubber.

The air contaminants processed by the scrubber are transferred from air to water. The waste water from the scrubber is treated in Oregon Metallurgical Corporation's waste water treatment facility.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no income or savings from the facility, so there is no return on the investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Several control measures are available. The Duall scrubber represented the most efficient low cost alternative to higher efficiency control. The success rate with previous scrubbers justifies this selection further.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings from the facility. The cost of maintaining and operating the facility is approximately \$46,689.00 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control, or reduction of air pollution.

The eligible facility costs have been determined to be \$215,884.00 after adjusting for a distinct portion of the facility which is not allocable to pollution control. This is discussed in section 2 of this report.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution.
- c. The facility complies with DEQ statutes and rules and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$215,884.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4121.

BKF  
MISC\AH72922  
November 8, 1993



State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Oregon Metallurgical Corporation  
P.O. Box 580  
Albany, OR 97321

The applicant owns and operates a Titanium manufacturing plant in Albany, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The facility controls atmospheric emissions from the applicants  $MgCl_2$  separation process. The claimed facility consists of a caustic scrubber constructed in series with an existing HCl burner.

Claimed Facility Cost: \$39,241.09

Accountant's Certification was provided.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Construction, of the facility was substantially completed on February 1, 1991 and placed into operation on February 1, 1991. The applicant was granted a six month extension, until August 1, 1993, in filing the application by the Environmental Quality Commission on April 27, 1993. The application for certification was submitted to the Department on July 28, 1993. The application was found to be complete on July 28, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because its principal purpose is to comply with a requirement imposed by the Department to control air pollution. This is in accordance with ORS 468A.025 and ORS 468A.040. The air contaminant discharge permit for this source, 22-0328, condition 5(b) requires the permittee to limit emission of gaseous Chlorine from the Magnesium/Chlorine plant. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The Magnesium/Chlorine plant has an exhaust gas stream which contains HCl and Cl<sub>2</sub>. Control is provided by two natural gas burners operating in parallel. The burners convert Cl<sub>2</sub> to HCl. Each burner is followed by a scrubber. The claimed facility supplements the existing water scrubber on the North scrubber/burner system with a secondary caustic scrubber. The South scrubber/burner system has had a secondary caustic scrubber since 1982. Addition of the caustic scrubber provides a higher level of control. Department staff have inspected the facility and found it to be operating in compliance.

The facility consists of a caustic scrubber, control instrumentation, electrical equipment, a foundation, and a support structure. Gaseous exhaust from the North HCl burner/scrubber is vented into to the new caustic scrubber. The scrubber body is filled with a packing media which is kept constantly wet by a solution of dissolved NaOH. The scrubber water is circulated at a rate of 60 gallons per minute. The HCl in the exhaust is adsorbed onto the media surface. The filtered exhaust gas is released to the atmosphere through the stack of the caustic scrubber. Effluent is removed from the caustic scrubber system at a rate necessary to maintain a high PH and delivered to the applicants water treatment system.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190

have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no income or savings from the facility, so there is no return on the investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Caustic scrubbers are a technically accepted method for controlling the emissions of acid fumes to the atmosphere.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings from the facility. The cost of maintaining and operating the facility is approximately \$1,432.20 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to control of pollution. The principal purpose of the facility is to control a substantial quantity of air pollution.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution.
- c. The facility complies with DEQ statutes and rules and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$39,241.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4121.

BKF:a  
MISC\AH72923  
November 8, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Minimart of Vernonia  
Garold J. Settje  
490 Bridge Street  
Vernonia, OR 97064

The applicant owns and operates a gas station/convenience store at 490 Bridge St., Vernonia, OR, Facility No. 5648.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage I vapor recovery and Stage II vapor recovery piping.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are three composite (Buffhide) tanks and doublewall fiberglass piping, spill containment basins, tank gauge system, sumps, automatic shutoff valves, Stage I vapor recovery and Stage II vapor recovery piping.

Claimed facility cost \$ 88,337  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on December 15, 1991 and placed into operation on December 15, 1991. The application for certification was submitted to the Department on August 3, 1993 was determined to be complete and filed on October 20, 1993, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of three steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Composite (Buffhide) tanks and doublewall fiberglass piping.
- 2) For spill and overfill prevention - Spill containment basins, sumps and automatic shutoff valves.
- 3) For leak detection - Tank gauge system.
- 4) For VOC reduction - Stage I vapor recovery and Stage II vapor recovery piping.

Soil and groundwater contamination found at the site were reported to DEQ. Cleanup is in progress.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that the costs claimed by the applicant (\$88,337) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant also considered tank lining. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
	_____	_____	_____
<u>Corrosion Protection:</u>			
Composite tanks and fiberglass piping	\$14,571	36% (1)	\$ 5,246
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	543	100	543
Sumps	2,473	100	2,473
Automatic shutoff valves	2,285	100	2,285
<u>Leak Detection:</u>			
Tank gauge system	4,929	90 (2)	4,436
Labor & materials (includes Stage I & Stage II vapor recovery piping)	63,536	100	63,536
	_____	_____	_____
Total	\$88,337	89%	\$78,519

- (1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$14,571 and the bare steel system is \$9,303, the resulting portion of the eligible tank and piping cost allocable to pollution control is 36%.
- (2) The applicant's cost for a tank gauge system is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.



- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 89%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$88,337 with 89% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4126.

Barbara J. Anderson  
(503) 229-5870  
October 27, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Texaco Refining and Marketing Inc.  
Pacific NW Region  
1800 SW First Ave. #180  
Portland, OR 97201

The applicant owns and operates a retail gas station at 22355 Willamette Dr., West Linn, OR, Facility No. 1321.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage I vapor recovery and Stage II vapor recovery equipment.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are five doublewall fiberglass tanks and piping, spill containment basins, tank gauge system, sumps, automatic shutoff valves, overflow alarm, line/turbine leak detectors, monitoring wells and Stage I and II vapor recovery equipment.

Claimed facility cost \$160,321  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on August 22, 1991 and placed into operation on August 22, 1991. The application for certification was submitted to the Department on August 17, 1993 was considered to be complete and filed on August 20, 1993, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of five steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Doublewall fiberglass tanks and piping.
- 2) For spill and overfill prevention - Spill containment basins, sumps, overfill alarm and automatic shutoff valves.
- 3) For leak detection - Tank gauge system, line/turbine leak detectors and monitoring wells.
- 4) For VOC reduction - Stage I and II vapor recovery piping, hoses & nozzles on four dispensers.

Contamination found at the site was reported to DEQ. The applicant believes cleanup has been completed.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current. The facility is also in compliance with Stage II vapor recovery rules.

The Department concludes that the costs claimed by the applicant (\$160,321) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant considered the methods used to be the best available. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
	-----	-----	-----
<u>Corrosion Protection:</u>			
Doublewall fiberglass tanks and piping	\$49,537	63% (1)	\$31,208
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	1,808	100	1,808
Overfill alarm	517	100	517
Sumps	2,040	100	2,040
Automatic shutoff valves	8,574	100	8,574
<u>Leak Detection:</u>			
Tank gauge system	6,552	90 (2)	5,897
Line/turbine leak detectors	2,431	100	2,431
Monitoring wells	486	100	486
Stage I & II vapor recovery (incl. 24 hoses and nozzles on four dispensers)	12,513	100	12,513
Labor and materials	75,863	100	75,863
	-----	-----	-----
Total	\$160,321	88%	\$141,337

- (1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$49,537 and the bare steel system is \$18,292, the resulting portion of the eligible tank and piping cost allocable to pollution control is 63%.
- (2) The applicant's cost for a tank gauge system is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 88%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$160,321 with 88% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4131.

Barbara J. Anderson  
(503) 229-5870  
October 29, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Cornelius Auto Repair Service Inc.  
1776 N. Adair  
Cornelius, OR 97113

The applicant owns and operates a automobile repair establishment in Cornelius, Oregon.

Application was made for tax credit for an air pollution control facility which is leased by the applicant. The lessor has given the applicant the authority to claim tax credit certification.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be five years.

Claimed Facility Cost: \$3400.00  
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on May 28, 1992. The facility was placed into operation on May 28, 1992. The application for final certification was submitted to the Department on September 24, 1993. The application was found to be complete on November 8, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air

pollution. This reduction is accomplished by capturing and/or recycling air contaminants, as defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415.

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

- 2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at \$9.16/pound. The applicant estimated an annual coolant recovery rate of thirty pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:



- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

A distinct portion of this automobile air conditioning coolant recovery and recycling equipment makes an insignificant contribution to the principal purpose of the claimed facility. This coolant recovery equipment has the capability to return (recharge) coolant to automobile air conditioning systems. Recharge capabilities in coolant recovery and recycling

equipment is not required by state or federal law. The additional expense incurred in the purchase of equipment with recharge capabilities is not allocable to pollution control. The Department estimates the additional expense incurred is \$700.00.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 79%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 79%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$3400.00 with 79% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. 4143.

BKF:a  
MISC\AH72912A  
November 9, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Hilltop Chevron, Inc.  
860 Molalla Ave.  
Oregon City, OR 97045

The applicant owns and operates a gasoline service station in Oregon City, Oregon.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be three years.

Claimed Facility Cost: \$1,785.00  
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on May 26, 1993. The facility was placed into operation on May 26, 1993. The application for final certification was submitted to the Department on September 24, 1993. The application was found to be complete on November 8, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by capturing and/or recycling air contaminants, as

defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415.

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

- 2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at \$5.50/pound. The applicant estimated an annual coolant recovery rate of sixty pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine

- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to reduce air pollution.
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$1,785.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. 4144.

BKF:a  
MISC\AH72912B  
November 9, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Miles Oil Co., Inc.  
P. O. Box 237  
Florence, OR 97439

The applicant owns and operates a retail gas station at 2175 Hwy 101, Florence, OR, Facility No. 3643.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage II vapor recovery piping.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are fiberglass piping, spill containment basins, overfill alarm, sumps, automatic shutoff valves, line leak detectors, monitoring wells and Stage II vapor recovery piping.

Claimed facility cost	\$45,272
(Accountant's certification was provided)	

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on November 6, 1991 and placed into operation on November 6, 1991. The application for certification was submitted to the Department on September 27, 1993 was considered to be complete and filed on October 29, 1993, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of five fiberglass coated steel tanks, bare steel piping, tank gauge system, but no spill and overfill protection.

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Fiberglass piping.
- 2) For spill and overfill prevention - Spill containment basins, overfill alarm, sumps and automatic shutoff valves.
- 3) For leak detection - Line leak detectors and monitoring wells.
- 4) For VOC reduction - Stage II vapor recovery piping.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that the costs claimed by the applicant (\$45,272) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.



b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant did not indicate that alternatives were considered. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
<u>Corrosion Protection:</u>			
Fiberglass piping	\$ 1,829	39% (1)	\$ 713
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	1,005	100	1,005
Overfill alarm	195	100	195
Sumps	5,195	100	5,195
Automatic shutoff valves	949	100	949
<u>Leak Detection:</u>			
Line leak detectors	11,535	100	11,535
Monitoring wells	327	100	327
Stage II vapor recovery pipe	1,444	100	1,444
Labor and materials	22,793	100	22,793
Total	\$45,272	98%	\$44,156

- (1) The Department has determined the percent allocable on the cost of a corrosion protected piping system by using a formula based on the difference in cost between the protected piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$1,829 and the bare steel system is \$1,115, the resulting portion of the eligible piping cost allocable to pollution control is 39%.

## 5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 98%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$45,272 with 98% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4147.

Barbara Anderson  
(503) 229-5870  
November 1, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Dennis Thompson  
Tigard Arco  
12485 SW Main St.  
Tigard, OR 97223

The applicant owns and operates a gas station at 12485 SW Main, Tigard, OR, Facility No. 2371.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are one fiberglass tank and piping, spill containment basin, line leak detector and monitoring well.

Claimed facility cost \$ 15,010  
(Documentation of cost was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on June 1, 1992 and placed into operation on June 1, 1992. The application for certification was submitted to the Department on September 27, 1993 was determined to be complete and filed on October 29, 1993, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal

Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of six steel tanks and piping with no corrosion protection and no spill and overflow prevention or leak detection equipment. Two of the six tanks have already been replaced to meet EPA technical standards. Those costs were claimed in a previous tax credit application (TC 3578).

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Fiberglass tank and fiberglass piping.
- 2) For spill and overflow prevention - Spill containment basin.
- 3) For leak detection - Line leak detector and monitoring well.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant indicated that no alternatives were considered. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
<u>Corrosion Protection:</u>			
Fiberglass tank and fiberglass piping	\$ 5,372	35% (1)	\$ 1,880
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	500	100	500
<u>Leak Detection:</u>			
Line leak detectors	781	100	781
Monitoring well	600	100	600
Labor and materials	7,757	100	7,757
Total	\$15,010	77%	\$11,518

- (1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$5,372 and the bare steel system is \$3,471, the resulting portion of the eligible tank and piping cost allocable to pollution control is 35%.

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 77%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$15,010 with 77% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4148.

Barbara J. Anderson  
(503) 229-5870  
October 29, 1993

State of Oregon  
Department of Agriculture

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Chris and Joan Horton  
15150 Airlie Road  
Monmouth OR 97361

The applicant owns and operates a custom baling operation in Polk County, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Claimed Facility

The facility described in this application is located at 14850 Airlie Road, Monmouth, Oregon. The land and buildings are owned by the applicant.

Squeeze (Roadrunner)	used	\$27,850
Freeman Baler 330-T (2)	used	31,500
1979 Freightliner and 32' Trailers (2)	used	14,850
New Holland Rake 216	new	14,500
Ford 7710 Tractor (86 HP)	used	15,500
International Hydro 100 Tractor (100 HP)	used	7,500
Straw Storage Shed (22' x 106' x 144')	new	82,836

Claimed facility cost: \$194,536  
(Accountant's Certification was provided.)

3. Description of farm operation plan to reduce open field burning.

The applicant states that the growers he bales for used to open burn or stack burn and propane flame prior to engaging his services for straw removal. The applicant rakes, bales, stacks, loads and transports, stores, and transports the straw to a compressor operator or domestic end user. The applicant states that the average revenue realized from the baled straw is \$41.00/ton with average operating costs of \$29/ton.

4. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16. The facility has met all statutory deadlines in that:

Construction of the facility was substantially completed on September 30, 1993. The application for final certification was



found to be complete on October 14, 1993. The application was submitted within two years of substantial completion of the facility.

5. Evaluation of Application

a. The facility is eligible under ORS 468.150 because the facility is an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution. This reduction is accomplished by reduction of air contaminants, defined in ORS 468A.005; by reducing the maximum acreage to be open burned in the Willamette Valley as required in OAR 340-26-013; and, the facility's qualification as a "pollution control facility", defined in OAR 340-16-025(2)(f))A): "Equipment, facilities, and land for gathering, densifying, processing, handling, storing, transporting and incorporating grass straw or straw based products which will result in reduction of open field burning."

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1. The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility promotes the conversion of a waste product (straw) into a salable commodity by providing the means to remove it from the fields in packaged form and protect it from inclement weather.

2. The estimated annual percent return on the investment in the facility.

The pollution control facility is integral to the operation of the applicant's business such that the business would operate at reduced income levels without the claimed pollution control facility. Following steps outlined in OAR 340-16-030 (5) and referencing Robert Morris Associates' (RMA) Annual Statement Studies the applicants primary four digit Standard Industrial Classification is 5261. The industry median profit before taxes as a percent of total assets (IMP) for the five years prior to the year of completion of the claimed facility from RMA, Annual Statement Studies are 5.4, 5.4, 5.1, 5 and 3.3. Therefore, the industry average profit before taxes as a percent of total assets (IROI) is 4.84 (IMP/5). Selecting the reference annual percent return (RROI) of 6.8 from Table 2 that corresponds with the year construction or purchase was completed the percentage of actual costs allocable to pollution control (RROI-IROI/RROI x 100) is 29%.

3. The alternative methods, equipment and costs for achieving the same pollution control objective.

The method chosen is an accepted method for reduction of air pollution. The method is one of the least costly, most effective methods of reducing air pollution.

4. Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There is no savings or increase in costs as a result of the facility.

5. Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

The established average annual operating hours for tractors is set at 450 hours. To obtain a total percent allocable, the annual operating hours per implement per tractor used in reducing acreage open field burned is as follows:

<u>Implement</u>	<u>Acres worked</u>	<u>Acres/hour</u>	<u>Annual Operating Hours</u>
Baler	940	4	235

The annual operating hours of 235 divided by the average annual operating hours of 450 produces a percent allocable of 52%.

	Claimed Facility Cost	X	Percent Allocable	=	Adjusted Facility Cost
International Hydro 100 Tractor	\$ 7,500				
Ford 2210 Tractor	<u>\$15,500</u>				
	\$23,000	X .52		=	\$11,960

Claimed Facility Cost	-	Tractors Cost	+	Adjusted Tractors Cost	=	Adjusted Facility Cost
\$194,536	-	\$23,000	+	\$11,960	=	\$183,496

As indicated in the ROI analyses presented in 5(B)(2), the actual cost of the facility properly allocable to pollution control as determined by using these factors is 29%.

6. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible under ORS 468.150 as an approved alternative method for field sanitation and straw utilization and

disposal that reduces a substantial quantity of air pollution as defined in ORS 468A.005.

- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility that is properly allocable to pollution control is 29%.

7. The Department of Agriculture's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$183,496, with 29% allocated to pollution control, be issued for the facility claimed in Tax Credit Application Number TC-4149.

Jim Britton, Manager  
Smoke Management Program  
Natural Resources Division  
Oregon Department of Agriculture  
(503) 378-6792

jb:bm4149  
October 14, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Applegate Automotive  
134 S. 10th  
Philomath, OR 97370

The applicant owns and operates a automotive repair establishment in Philomath, Oregon.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be five years.

Claimed Facility Cost: \$2,849.95  
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on September 9, 1992. The facility was placed into operation on September 9, 1992. The application for final certification was submitted to the Department on October 13, 1993, within two years of substantial completion of the facility. The application was found to be complete on November 8, 1993.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by capturing and/or recycling air contaminants, as

defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415.

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

- 2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at \$5.33/pound. The applicant estimated an annual coolant recovery rate of sixty pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine

- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to reduce air pollution.
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$2,850.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. 4151.

BKF:a  
MISC\AH72912C  
November 9, 1993

State of Oregon  
Department of Agriculture

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Phillip Atkinson  
42152 Fish Hatchery Drive  
Scio OR 97374

The applicant owns and operates a custom baling operation in Linn County, Oregon.

Application was made for tax credit for air pollution control equipment.

2. Description of Claimed Facility

The equipment described in this application is located at 42152 Fish Hatchery Drive, Scio, Oregon. The equipment is owned by the applicant.

Freeman baler (2)	\$96,000
International 966 Tractor	9,044
Lely 300 Rake	2,675
Air Compressor	800
New Holland Rake	15,000
Service Pickup (84 Ford)	9,500
Bale Counters	697

Claimed equipment cost: \$133,716  
(Accountant's Certification was provided.)

3. Description of farm operation plan to reduce open field burning

The applicant states that the growers he bales for used to open field burn up to 1,800 acres of the 2,400 acres from which he now removes straw. The applicant rakes and bales the straw leaving the bales in the fields. The growers stack and remove the straw from the fields.

4. Procedural Requirements

The equipment is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16. The equipment has met all statutory deadlines in that:

Purchase of the equipment was substantially completed on July 1, 1992. The application was submitted on October 13, 1993 and the application for final certification was found to be complete on October 19, 1993. The application was submitted within two years of substantial purchase of the equipment.



5. Evaluation of Application

a. The equipment is eligible under ORS 468.150 because the equipment is an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution. This reduction is accomplished by reduction of air contaminants, defined in ORS 468A.005; by reducing the maximum acreage to be open burned in the Willamette Valley as required in OAR 340-26-013; and, the facility's qualification as a "pollution control facility", defined in OAR 340-16-025(2)(f)(A): "Equipment, facilities, and land for gathering, densifying, processing, handling, storing, transporting and incorporating grass straw or straw based products which will result in reduction of open field burning."

b. Eligible Cost Findings

In determining the percent of the pollution control equipment cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1. The extent to which the equipment is used to recover and convert waste products into a salable or usable commodity.

The equipment promotes the conversion of a waste product (straw) into a usable commodity by providing the means to remove it from the fields in packaged form.

2. The estimated annual percent return on the investment in the equipment.

The pollution control facility is integral to the operation of the applicant's business such that the business would operate at reduced income levels without the claimed pollution control facility. Following steps outlined in OAR 340-16-030 (5) and referencing Robert Morris Associates' (RMA) Annual Statement Studies the applicants primary four digit Standard Industrial Classification is 5261. The industry median profit before taxes as a percent of total assets (IMP) for the five years prior to the year of completion of the claimed facility from RMA, Annual Statement Studies are 5.4, 5.4, 5.1, 5, and 3.3. Therefore, the industry average profit before taxes as a percent of total assets (IROI) is 4.84 (IMP/5). Selecting the reference annual percent return (RROI) of 6.8 from Table 2 that corresponds with the year construction or purchase was completed the percentage of actual costs allocable to pollution control  $(RROI - IROI / RROI \times 100)$  is 29%.

3. The alternative methods, equipment and costs for achieving the same pollution control objective.

The method chosen is an accepted method for reduction of air pollution. The method is one of the least costly, most effective methods of reducing air pollution.

4. Any related savings or increase in costs which occur or may occur as a result of the purchase of the equipment.

There is no savings or increase in costs as a result of the equipment.

5. Any other factors which are relevant in establishing the portion of the actual cost of the equipment properly allocable to the prevention, control or reduction of air pollution.

The established average annual operating hours for tractors is set at 450 hours. To obtain a total percent allocable, the annual operating hours per implement used with the applicants tractor in reducing acreage open field burned is as follows:

Implement	Acres worked	Acres/hour	Annual Operating Hours
Rakes (2)	2,400	7	343
Fluffer	500	7	<u>71</u>
Total Operating hours			414

The annual operating hours of 414 divided by the average annual operating hours of 450 produces a percent allocable of 92%.

	Claimed Equipment X Cost	Percent Allocable	Adjusted Equipment Cost
International 966 Tractor	\$11,900	X .92	= \$10,948
	Claimed Equipment Cost	- Tractors Cost	+ Adjusted Tractors Cost
	\$133,716	- \$11,900	+ \$10,948 = \$132,764

As indicated in the ROI analyses presented in 5(B)(2), the actual cost of the equipment properly allocable to pollution control as determined by using these factors is 29%.

6. Summation

- a. The equipment was purchased in accordance with all regulatory deadlines.
- b. The equipment is eligible under ORS 468.150 as an approved alternative method for field sanitation and straw utilization and

disposal that reduces a substantial quantity of air pollution as defined in ORS 468A.005.

- c. The equipment complies with DEQ statutes and rules.
- d. The portion of the equipment that is properly allocable to pollution control is 29%.

7. The Department of Agriculture's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$132,764, with 29% allocated to pollution control, be issued for the equipment claimed in Tax Credit Application Number TC-4152.

Jim Britton, Manager  
Smoke Management Program  
Natural Resources Division  
Oregon Department of Agriculture  
(503) 378-6792

jb:bm4152  
October 19, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

CJ's Alpine Services, Inc.  
93770 East Hwy 26  
Government Camp, OR 97028

The applicant owns and operates a gas station/convenience store at 93770 East Hwy 26, Government Camp, OR, Facility No. 2712.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage I and Stage II vapor recovery equipment.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are three fiberglass tanks and doublewall enviroflex piping, spill containment basins, tank gauge system, sumps, automatic shutoff valves, overflow alarm, line leak detectors, monitoring wells and Stage I and II vapor recovery equipment.

Claimed facility cost \$114,532  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on December 1, 1991 and placed into operation

on December 1, 1991. The application for certification was submitted to the Department on October 14, 1993 and was considered to be complete and filed on October 20, 1993, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of four steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Fiberglass tanks and doublewall enviroflex piping.
- 2) For spill and overfill prevention - Spill containment basins, sumps, overfill alarm and automatic shutoff valves.
- 3) For leak detection - Tank gauge system, line leak detectors and monitoring wells.
- 4) For VOC reduction - Stage I and II vapor recovery piping, hoses & nozzles on two dispensers.

Contamination found at the site was reported to DEQ. Cleanup has been completed.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that the costs claimed by the applicant (\$114,532) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant considered the alternative of installing steel tanks. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
	_____	_____	_____
<u>Corrosion Protection:</u>			
Fiberglass tanks and enviroflex piping	\$23,381	52% (1)	\$12,158
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	1,818	100	1,818
Overfill alarm	182	100	182
Sumps	2,343	100	2,343
Automatic shutoff valves	438	100	438
<u>Leak Detection:</u>			
Tank gauge system	6,676	90 (2)	6,008
Line leak detectors	699	100	699
Monitoring wells	823	100	823
Stage I & II vapor recovery (incl. 12 hoses and nozzles on two dispensers)	4,465	100	4,465
Labor and materials	73,707	100	73,707
	_____	_____	_____
Total	\$114,532	90%	\$102,641

- (1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$23,381 and the bare steel system is \$11,106, the resulting portion of the eligible tank and piping cost allocable to pollution control is 52%.
- (2) The applicant's cost for a tank gauge system is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 90%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$114,532 with 90% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4153.

Barbara J. Anderson  
(503) 229-5870  
October 29, 1993



State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Emery's Texaco  
Arnold Emery  
P. O. Box 646  
Union, OR 97883

The applicant owns and operates a gas station/garage at 363 N. Main, Union, OR, Facility No. 5198.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage I vapor recovery equipment.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are three STI-P3 tanks and doublewall fiberglass piping, spill containment basins, tank gauge system with interstitial line monitoring, overflow alarm, monitoring well, sumps, automatic shutoff valves, and Stage I vapor recovery equipment.

Claimed facility cost \$ 72,946  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on November 1, 1991 and placed into operation on November 1, 1991. The application for certification was submitted to the Department on October 15, 1993 was determined to be complete and filed on October 20, 1993, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of four steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - STI-P3 tanks and doublewall fiberglass piping.
- 2) For spill and overfill prevention - Spill containment basins, sumps, overfill alarm and automatic shutoff valves.
- 3) For leak detection - Tank gauge system with interstitial line monitoring and a monitoring well.
- 4) For VOC reduction - Stage I vapor recovery equipment.

Contamination found at the site was reported to DEQ. Cleanup is almost completed.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that the costs claimed by the applicant (\$72,946) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant indicated that no alternative methods were considered. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	<u>Eligible Facility Cost</u>	<u>Percent Allocable</u>	<u>Amount Allocable</u>
<u>Corrosion Protection:</u>			
STI-P3 tanks with Stage I vapor recovery and fiberglass piping	\$18,017	45% (1)	\$ 8,108
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	402	100	402
Sumps	1,796	100	1,796
Overfill alarm	185	100	185
Automatic shutoff valves	106	100	106
<u>Leak Detection:</u>			
Tank gauge with interstitial line monitoring	7,914	90 (2)	7,123
Monitoring well	233	100	233
Labor and Materials	<u>44,293</u>	<u>100</u>	<u>44,293</u>
Total	\$72,946	85%	\$62,246

- (1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$18,017 and the bare steel system is \$9,953, the resulting portion of the eligible tank and piping cost allocable to pollution control is 45%.
- (2) The applicant's cost for a tank gauge system is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of

the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 85%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$72,946 with 85% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4155.

Barbara J. Anderson  
(503) 229-5870  
October 28, 1993

State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Orient Auto Service, Inc.  
1550 SE Orient Drive  
Gresham, OR 97080

The applicant owns and operates an automotive service and repair establishment in Gresham, Oregon.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be ten years.

Claimed Facility Cost: \$2,750.00  
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on October 26, 1992. The facility was placed into operation on October 26, 1992. The application for final certification was submitted to the Department on October 18, 1993. The application was found to be complete on November 8, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by capturing and/or recycling air contaminants, as

defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415.

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

- 2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at \$9.35/pound. The applicant estimated an annual coolant recovery rate of 30 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine

- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.



5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to reduce air pollution.
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$2,750.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. 4156.

BKF:a  
MISC\AH72912D  
November 9, 1993

State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Powerhouse Engines  
1008 Jefferson Avenue  
La Grande, OR 97850

The applicant owns and operates an automotive service and repair establishment in La Grande, Oregon.

Application was made for tax credit for an air pollution control facility which is leased by the applicant. The lessor has provide the applicant with permission to claim tax credit certification.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be four years.

Claimed Facility Cost: \$3,347.20  
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on July 7, 1992. The facility was placed into operation on July 7, 1992. The application for final certification was submitted to the Department on October 25, 1993. The application was found to be complete on November 8, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air

pollution. This reduction is accomplished by capturing and/or recycling air contaminants, as defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415.

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

- 2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at \$10.00/pound. The applicant estimated an annual coolant recovery rate of thirty pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to reduce air pollution.
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$3,347.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. 4158.

BKF:a  
MISC\AH72912E  
November 9, 1993

State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

EDCO Sheet Metal, Inc.  
3625 Partlow Rd.  
Hood River, OR 97031

The applicant owns and operates a heating and air conditioning installation and repair establishment in Hood River, Oregon.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes air conditioner or commercial refrigerant coolant. The machine is self contained and includes pumps, tubing, and valves.

The applicant has identified the useful life of the equipment to be ten years.

Claimed Facility Cost: \$1,275.00  
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on June 2, 1992. The facility was placed into operation on August 1, 1992. The application for final certification was submitted to the Department on October 26, 1993. The application was found to be complete on November 8, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Environmental Protection Agency to reduce air pollution. This reduction is accomplished by capturing air contaminants, as defined in ORS 468.275. The requirement is to

comply with Section 608 of the 1990 Clean Air Act Amendments. Section 608 prohibits the venting of a Class I or Class II ozone depleting substance in the course of maintaining, servicing, repairing, or disposing of an appliance or industrial process refrigeration.

The EPA has specified standards equipment manufactured before January 1, 1993 would have to meet to be grandfathered under the EPA's planned regulations. The standards require the equipment be capable of achieving a vacuum able to sustain either four or twenty-five inches of Mercury. High pressure equipment will need to sustain a four inch vacuum. Low pressure equipment will need to sustain a twenty-five inch vacuum. The claimed facility meets these standards.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent refrigerant to the environment, thereby meeting EPA regulations requiring capture of this air contaminant. Second, it provides a means to recover waste coolant for reuse or sale.

- 2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at \$3.00/pound. The applicant estimated an annual coolant recovery rate of 50 pounds.

In estimating the operating costs for use of

the recovery, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The capture of air conditioner and refrigerant coolant is an accepted method for preventing the emission of ozone depleting chemicals to the atmosphere.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and/or reuse coolant. The applicant may use the coolant in customer equipment. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to an industrial coolant purification center. In this case the savings to the applicant are tied to the sales price of recovered coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.



There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the EPA to reduce air pollution.
- c. The facility complies with Department standards and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$1,275.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. 4160.

BKF  
MISC\AH72913A  
November 9, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Sisters Oil Co., Inc.  
P. O. Box 415  
Sisters, OR 97759

The applicant owns and operates a retail gas station at 115 Cascade St., Sisters, OR, Facility No. 808.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage I vapor recovery and Stage II vapor recovery piping.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are two 2-compartment STI-P3 tanks and fiberglass piping, spill containment basins, tank gauge system, automatic shutoff valves, overflow alarm, line leak detectors, monitoring wells and Stage I and II vapor recovery piping.

Claimed facility cost \$80,571  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on December 19, 1991 and placed into operation on December 19, 1991. The application for certification was submitted to the Department on October 29, 1993 and was considered to be complete and filed on November 1, 1993, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of four steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - STI-P3 tanks and fiberglass piping.
- 2) For spill and overfill prevention - Spill containment basins, overfill alarm and automatic shutoff valves.
- 3) For leak detection - Tank gauge system, line leak detectors and monitoring wells.
- 4) For VOC reduction - Stage I and II vapor recovery piping.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that the costs claimed by the applicant (\$80,571) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant do not indicate that any alternatives were considered. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
	-----	-----	-----
<u>Corrosion Protection:</u>			
STI-P3 tanks and fiberglass piping	\$17,822	40% (1)	\$ 7,129
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	4,288	100	4,288
Overfill alarm	368	100	368
Automatic shutoff valves	856	100	856
<u>Leak Detection:</u>			
Tank gauge system	6,907	90 (2)	6,216
Line leak detectors	1,758	100	1,758
Monitoring wells	3,584	100	3,584
Stage I & II vapor recovery piping	5,334	100	5,334
Labor and materials	39,654	100	39,654
	-----	-----	-----
Total	\$ 80,571	86%	\$ 69,187

- (1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$17,822 and the bare steel system is \$10,685, the resulting portion of the eligible tank and piping cost allocable to pollution control is 40%.
- (2) The applicant's cost for a tank gauge system is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 86%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$80,571 with 86% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4161.

Barbara J. Anderson  
(503) 229-5870  
November 1, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Ladds Automotive Repair  
208 NW Yamhill  
Sheridan, OR 97378

The applicant owns and operates an automotive repair establishment in Sheridan, Oregon.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be ten years.

Claimed Facility Cost: \$3,000.00  
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on June 1, 1991. The facility was placed into operation on June 1, 1992. The application for final certification was submitted to the Department on October 29, 1993. The application was found to be complete on November 8, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by capturing and/or recycling air contaminants, as

defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415.

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

- 2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at \$5.50/pound. The applicant estimated an annual coolant recovery rate of sixty pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine



- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to reduce air pollution.
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$3,000.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. 4162.

BKF:a  
MISC\AH72912F  
November 9, 1993

State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Al's Heating & A/C  
P.O. Box 796  
Forest Grove, OR 97116

The applicant owns and operates a HVAC installation and service establishment in Forest Grove, Oregon.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans air conditioner or commercial refrigerant coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be three years.

Claimed Facility Cost: \$3,505.00  
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on May 18, 1992. The facility was placed into operation on July 1, 1992. The application for final certification was submitted to the Department on November 1, 1993. The application was found to be complete on November 8, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Environmental Protection Agency to reduce air pollution. This reduction is accomplished by capturing and/or recycling air

contaminants, as defined in ORS 468.275. The requirement is to comply with Section 608 of the 1990 Clean Air Act Amendments. Section 608 prohibits the venting of a Class I or Class II ozone depleting substance in the course of maintaining, servicing, repairing, or disposing of an appliance or industrial process refrigeration.

The EPA has specified standards equipment manufactured before January 1, 1993 would have to meet to be grandfathered under the EPA's planned regulations. The standards require the equipment be capable of achieving a vacuum able to sustain either four or twenty-five inches of Mercury. High pressure equipment will need to sustain a four inch vacuum. Low pressure equipment will need to sustain a twenty-five inch vacuum. The claimed facility meets these standards.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent refrigerant to the environment, thereby meeting EPA regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse.

- 2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at \$2.00/pound. The applicant estimated an annual coolant recovery rate of 300 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and/or reuse coolant. The applicant may use the recycled coolant in customer equipment. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to an industrial coolant purification center. In this case the savings to the applicant are tied to the sales price of recovered coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

A distinct portion of this air conditioning and refrigerant coolant recovery and recycling equipment makes an insignificant contribution

to the principal purpose of the claimed facility. This coolant recovery equipment has the capability to return (recharge) coolant to automobile air conditioning systems. Recharge capabilities in coolant recovery and recycling equipment is not required by state or federal law. The additional expense incurred in the purchase of equipment with recharge capabilities is not allocable to pollution control. The Department estimates the additional expense incurred is \$700.00.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 80%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the EPA to reduce air pollution.
- c. The facility complies with Department standards and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 80%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$3,505.00 with 80% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. 4163.

BKF  
MISC\AH72913B  
November 9, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Oregon Caves Chevron  
Jeffrey and Karen Stiles  
409 S. Redwood Hwy.  
Cave Junction, OR 97523

The applicant owns and operates a gas station at 409 S. Redwood Hwy., Cave Junction, OR, Facility No. 1200.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage I and Stage II vapor recovery piping.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are three doublewall steel/fiberglass tanks, enviroflex piping, spill containment basins, tank gauge system, overfill alarm, sumps, automatic shutoff valves, turbine leak detectors, Stage I and II vapor recovery piping.

Claimed facility cost \$165,715  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on June 29, 1993 and placed into operation on June 29, 1993. The application for certification was submitted to the Department on November 1, 1993 and was considered to be complete and filed on November 1, 1993, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of four steel tanks and piping with no corrosion protection and no spill and overflow prevention or leak detection equipment.

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Doublewall fiberglass/steel tank and enviroflex piping.
- 2) For spill and overflow prevention - Spill containment basins, overflow alarm, sumps and automatic shutoff valves.
- 3) For leak detection - Turbine leak detectors and a tank gauge system.
- 4) For VOC reduction - Stage I and II vapor recovery piping.

Contamination found at the site was reported to DEQ. Cleanup is in progress.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that the costs claimed by the applicant (\$165,715) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.



b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant indicated there were not alternatives. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
	_____	_____	_____
<u>Corrosion Protection:</u>			
Steel/fiberglass tanks and enviroflex piping	\$29,124	52% (1)	\$15,144
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	800	100	800
Overfill alarm	169	100	169
Sumps	1,580	100	1,580
Automatic shutoff valves	1,778	100	1,778
<u>Leak Detection:</u>			
Tank gauge system	10,280	90% (2)	9,252
Turbine leak detectors	1,500	100	1,500
Stage I & Stage II pipe	2,000	100	2,000
Labor & materials	118,484	100	118,484
	_____	_____	_____
Total	\$165,715	91%	\$150,707

- (1) The Department has determined the percent allocable on the cost of a corrosion protected piping system by using a formula based on the difference in cost between the protected piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$29,124 and the bare steel system is \$13,856, the resulting portion of the eligible piping cost allocable to pollution control is 52%.

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air.

This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 91%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$165,715 with 91% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4164.

Barbara J. Anderson  
(503) 229-5870  
November 1, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Regency Car Wash, Inc.  
1001 S. Riverside  
Medford, OR 97501

The applicant owns and operates a retail gas station and car wash at 1001 S. Riverside, Medford, OR, Facility No. 8869.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of epoxy lining into three steel underground storage tanks, spill containment basins, and underground preparation for a tank gauge system.

Claimed facility cost	\$31,598
(Accountant's certification was provided)	

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on October 22, 1993 and placed into operation on October 22, 1993. The application for certification was submitted to the Department on November 1, 1993 and was considered to be complete and filed on November 1, 1993, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of three steel tanks and piping with no corrosion protection, spill and overfill prevention or leak detection.

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Epoxy tank lining.
- 2) For spill and overfill prevention - Spill containment basins.
- 3) For leak detection - Underground preparation for a tank gauge system.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that the costs claimed by the applicant (\$31,598) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant considered the method used to be the least costly. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
	-----	-----	-----
<u>Corrosion Protection:</u>			
Epoxy tank lining	\$27,488	100%	\$27,488
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	2,685	100	2,685
<u>Leak Detection:</u>			
Underground preparation for a tank gauge system	1,425	100	1,425
	-----	-----	-----
Total	\$31,598	100%	\$31,598

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$31,598 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4165.

Barbara Anderson  
(503) 229-5870  
November 1, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Siberts Auto Body  
13842 SE Powell  
Portland, OR 97236

The applicant owns and operates an auto body repair and paint establishment in Portland, Oregon.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be ten years.

Claimed Facility Cost: \$1,450.00  
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on July 13, 1993. The facility was placed into operation on July 14, 1993. The application for final certification was submitted to the Department on November 1, 1993. The application was found to be complete on November 8, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by capturing and/or recycling air contaminants, as



defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415.

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

- 2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at \$7.00/pound. The applicant estimated an annual coolant recovery rate of twenty pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine

- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to reduce air pollution.
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$1,450 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. 4166.

BKF:a  
MISC\AH72912G  
November 9, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Pro Automotive  
410 Tussey Lane  
Grants Pass, OR 97527

The applicant owns and operates an automotive repair establishment in Grants Pass, Oregon.

Application was made for tax credit for an air pollution control facility which is leased by the applicant. Applicant has provided authorization from the lessor to receive tax credit certification.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be five years.

Claimed Facility Cost: \$4,103.90  
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on November 24, 1992. The facility was placed into operation on December 4, 1992. The application for final certification was submitted to the Department on November 4, 1993. The application was found to be complete on November 8, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air

pollution. This reduction is accomplished by capturing and/or recycling air contaminants, as defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415.

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

- 2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at \$9.90/pound. The applicant estimated an annual coolant recovery rate of sixty pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$4,104.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. 4169.

BKF  
MISC\AH72912H  
November 9, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Aire-Flo Heating & Air Conditioning, Inc.  
PO Box 328  
Hillsboro, OR 97123

The applicant owns and operates a HVAC installation and service establishment in Hillsboro, Oregon.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes air conditioner or commercial refrigerant coolant. The machine is self contained and includes pumps, tubing, and valves.

The applicant has identified the useful life of the equipment to be three years.

Claimed Facility Cost: \$1,078.00  
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on June 29, 1992. The facility was placed into operation on June 29, 1992. The application for final certification was submitted to the Department on November 5, 1993. The application was found to be complete on November 8, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Environmental Protection Agency to reduce air pollution. This reduction is accomplished by capturing air contaminants, as defined in ORS 468.275. The requirement is to comply with Section 608 of the 1990 Clean Air Act



Amendments. Section 608 prohibits the venting of a Class I or Class II ozone depleting substance in the course of maintaining, servicing, repairing, or disposing of an appliance or industrial process refrigeration.

The EPA has specified standards equipment manufactured before January 1, 1993 would have to meet to be grandfathered under the EPA's planned regulations. The standards require the equipment be capable of achieving a vacuum able to sustain either four or twenty-five inches of Mercury. High pressure equipment will need to sustain a four inch vacuum. Low pressure equipment will need to sustain a twenty-five inch vacuum. The claimed facility meets these standards.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent refrigerant to the environment, thereby meeting EPA regulations requiring capture of this air contaminant. Second, it provides a means to recover waste coolant for reuse or sale.

- 2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at \$2.50/pound. The applicant estimated an annual coolant recovery rate of 50 pounds.

In estimating the operating costs for use of the recovery, the Department developed a

standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The capture of air conditioner and refrigerant coolant is an accepted method for preventing the emission of ozone depleting chemicals to the atmosphere.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and/or reuse coolant. The applicant may use the coolant in customer equipment. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to an industrial coolant purification center. In this case the savings to the applicant are tied to the sales price of recovered coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility

properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the EPA to reduce air pollution.
- c. The facility complies with Department standards and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$1,078.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. 4170.

BKF  
MISC\AH72913C  
November 9, 1993

State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Aire-Flo Heating & Air Conditioning, Inc.  
PO Box 328  
Hillsboro, OR 97123

The applicant owns and operates a HVAC installation and service establishment in Hillsboro, Oregon.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes air conditioner or commercial refrigerant coolant. The machine is self contained and includes pumps, tubing, and valves.

The applicant has identified the useful life of the equipment to be three years.

Claimed Facility Cost: \$1,100.00  
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on July 10, 1992. The facility was placed into operation on July 10, 1992. The application for final certification was submitted to the Department on November 5, 1993. The application was found to be complete on November 8, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Environmental Protection Agency to reduce air pollution. This reduction is accomplished by capturing air contaminants, as defined in ORS 468.275. The requirement is to comply with Section 608 of the 1990 Clean Air Act

Amendments. Section 608 prohibits the venting of a Class I or Class II ozone depleting substance in the course of maintaining, servicing, repairing, or disposing of an appliance or industrial process refrigeration.

The EPA has specified standards equipment manufactured before January 1, 1993 would have to meet to be grandfathered under the EPA's planned regulations. The standards require the equipment be capable of achieving a vacuum able to sustain either four or twenty-five inches of Mercury. High pressure equipment will need to sustain a four inch vacuum. Low pressure equipment will need to sustain a twenty-five inch vacuum. The claimed facility meets these standards.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent refrigerant to the environment, thereby meeting EPA regulations requiring capture of this air contaminant. Second, it provides a means to recover waste coolant for reuse or sale.

- 2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at \$2.50/pound. The applicant estimated an annual coolant recovery rate of 20 pounds.

In estimating the operating costs for use of the recovery, the Department developed a

standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The capture of air conditioner and refrigerant coolant is an accepted method for preventing the emission of ozone depleting chemicals to the atmosphere.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and/or reuse coolant. The applicant may use the coolant in customer equipment. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to an industrial coolant purification center. In this case the savings to the applicant are tied to the sales price of recovered coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility

properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the EPA to reduce air pollution.
- c. The facility complies with Department standards and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$1,100.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. 4171.

BKF  
MISC\AH72913C  
November 9, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Jimmy L. Arendell  
18045 SE Portland Avenue  
Milwaukie, OR 97267

The applicant owns and operates a retail gas station at 4140 SE Harrison St., Milwaukie, OR, Facility No. 635.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage I vapor recovery and Stage II vapor recovery equipment.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are four doublewall fiberglass tanks and piping, spill containment basins, tank gauge system, automatic shutoff valves, turbine leak detectors, monitoring wells and Stage I and II vapor recovery equipment.

Claimed facility cost \$144,610  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on May 5, 1993 and placed into operation on May 5, 1993. The application for certification was submitted to the Department on November 9, 1993 was considered to be complete and filed on November 10, 1993, within two years of the completion date of the project.



4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of five steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Doublewall fiberglass tanks and piping.
- 2) For spill and overfill prevention - Spill containment basins and automatic shutoff valves.
- 3) For leak detection - Tank gauge system, turbine leak detectors and monitoring wells.
- 4) For VOC reduction - Stage I and II vapor recovery piping, hoses & nozzles on two dispensers.

Contamination found at the site was reported to DEQ. The applicant believes cleanup has been completed.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current. The facility is also in compliance with Stage II vapor recovery rules.

The Department concludes that the costs claimed by the applicant (\$144,610) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant did not indicate that alternatives were considered. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
	_____	_____	_____
<u>Corrosion Protection:</u>			
Doublewall fiberglass tanks and piping	\$46,478	65% (1)	\$30,211
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	2,147	100	2,147
Automatic shutoff valves	1,016	100	1,016
<u>Leak Detection:</u>			
Tank gauge system	10,659	90 (2)	9,593
Turbine leak detectors	879	100	879
Monitoring wells	537	100	537
Stage I & II vapor recovery (incl. 12 hoses and nozzles on two dispensers)	8,698	100	8,698
Labor and materials	74,196	100	74,196
	_____	_____	_____
Total	\$144,610	88%	\$127,277

- (1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$46,478 and the bare steel system is \$16,295, the resulting portion of the eligible tank and piping cost allocable to pollution control is 65%.
- (2) The applicant's cost for a tank gauge system is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 88%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$144,610 with 88% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4172.

Barbara J. Anderson  
(503) 229-5870  
November 12, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Downtown Texaco  
Robert George  
301 N. Central  
Medford, OR 97501

The applicant owns and operates a retail gas station at 301 N. Central., Medford, OR, Facility No. 6295.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage I vapor recovery and Stage II vapor recovery piping.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are three STI-P3 tanks and fiberglass piping, spill containment basins, tank gauge system, overflow alarm, automatic shutoff valves, line leak detectors, Stage I and Stage II vapor recovery piping.

Claimed facility cost \$67,946  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on February 23, 1993 and placed into operation on February 23, 1993. The application for certification was submitted to the Department on November 19, 1993 was considered to be complete and filed on November 19, 1993, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of four steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to Air Quality regulations under OAR 340-22-400 - 403 and Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - STI-P3 tanks and fiberglass piping.
- 2) For spill and overfill prevention - Spill containment basins, overfill alarm and automatic shutoff valves.
- 3) For leak detection - Tank gauge system and line leak detectors.
- 4) For VOC reduction - Stage I vapor recovery and Stage II vapor recovery piping.

Contamination found at the site was reported to DEQ. The cleanup is completed.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that the costs claimed by the applicant (\$67,946) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant did not indicate that alternatives were considered. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
	_____	_____	_____
<u>Corrosion Protection:</u>			
Doublewall fiberglass tanks and piping	\$12,835	35% (1)	\$ 4,492
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	522	100	522
Automatic shutoff valves	525	100	525
Overfill alarm	182	100	182
<u>Leak Detection:</u>			
Tank gauge system	4,668	90 (2)	4,201
Line leak detectors	798	100	798
Stage I vapor recovery	207	100	207
Labor & materials (incl. Stage II piping)	48,209	100	48,209
	_____	_____	_____
Total	\$ 67,946	87%	\$ 59,136

- (1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$12,835 and the bare steel system is \$8,283, the resulting portion of the eligible tank and piping cost allocable to pollution control is 35%.
- (2) The applicant's cost for a tank gauge system is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.



5. Summation

- a. The facility was constructed in accordance with all regulatory requirements.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water and air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 87%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$67,946 with 87% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4182.

Barbara J. Anderson  
(503) 229-5870  
November 19, 1993

Applications No. T-3810

STATE OF OREGON  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

1. Applicant

Riedel Environmental Technologies, Inc  
Riedel Waste Systems, Inc.  
P O Box 5007  
Portland, Oregon 97208-5007

The applicant owns and operates the pollution control systems associated with a closed solid waste landfill in Portland, Oregon. Application was made for tax credit for a solid waste pollution control facility.

2. Description of Facility

The applicant has claimed all of the pollution control equipment associated with the landfill as a single pollution control facility. Staff has reviewed permit requirements and the intended purpose of each pollution control system associated with the landfill and has determined that these systems should be placed into two categories, those associated with landfill operation and required by the operating permit and those associated with the landfill closure and required by the landfill closure permit.

Staff recommends that only equipment associated with landfill closure be considered eligible for certification. Pollution control systems associated with the landfill closure were started after December 27, 1989, when the landfill closed. These systems were substantially completed after June 24, 1990, within two years of the date of application, June 24, 1992.

Staff recommends that equipment associated with landfill operation be considered ineligible for certification. Pollution control systems that were installed as a condition of landfill operating permit were substantially completed prior to June 24, 1990. This equipment was carrying out its intended function during the active life of the landfill, from November 1979 through December 1989. These systems were substantially completed and operating prior to the landfill closure, more than two years prior to the date of tax credit application.

The claimed facility consists of a bottom liner, leachate collection, storm water control, ground water monitoring, methane gas control, and top liner and final closure systems. Staff recommends that only a portion of the claimed systems be considered eligible for consideration for tax credit certification.

An applicant's Accountant's Certification was provided. A cost allocation review of this application by an independent accountant has identified \$28,118 in nonallowable costs claimed by the applicant for those pollution control systems recommended eligible by the Department. The eligible facility cost has been reduced for these nonallowable costs.

At the request and cost of the applicant, the Department authorized the independent accountant to identify all nonallowable cost associated with the full claimed facility. The result of this review is listed below.

System	Applicant claimed	Recommended eligible
Bottom liner	\$ 636,301	\$ 0
Leachate collection	159,646	\$ 0
Stormwater control	80,174	\$ 0
Groundwater monitoring	55,767	\$ 0
Top liner & closure	1,206,680	\$ 1,206,680
Methane gas control	<u>232,062</u>	\$ <u>232,062</u>
Total claimed cost	\$ 2,370,630	
Total recommended eligible cost		\$ 1,438,742
Less nonallowable costs	<u>(28,118)</u>	\$ <u>(28,118)</u>
Total allowable facility cost	2,342,512	\$ 1,410,624

In September 1993 the top liner and methane collection systems included in this tax credit application were damaged by an subterranean fire burning within the closed landfill. This fire was discovered after the pollution control systems related to landfill closure had been substantially completed and after this tax credit application had been submitted to the Department. This fire, which is still active, has damaged the landfill top liner. It has also necessitated a partial shutdown of the methane collection system which was a major contributing factor to the fire.

The Department is working with the applicant to develop programs to control the fire and to restore the pollution control systems to operation. The Department has specifically requested that the applicant 1) extinguish or control the subterranean fire, 2) submit a corrective action plan, 3) restore the landfill top liner to a fully operation condition, and 4) modify the operation of the present methane control system so that it will not contribute to fire conditions.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

Only portions of the claimed facility met statutory deadlines for timely application. The application includes a claim for pollution control facilities constructed as a requirement of the landfill operation permit. Construction on these systems was started between 1979 and 1989. These systems formed the pollution control facility for the operating landfill and were carrying out their intended purpose between 1979 and 1989. They were substantially complete more than two years prior to the application date, June 24, 1992.

The pollution control systems required as a condition of the landfill closure permit meet statutory deadlines for timely application. The Landfill Closure Plan was dated June 1, 1990. Construction of new pollution control systems and modification of existing landfill operation systems was effectively started upon closure of the landfill, December 27, 1989, and was officially completed on September 25, 1992 upon the Department's acceptance of the Landfill Closure Construction Certification Report. Individual landfill closure pollution control systems were placed into operation as they were completed, during 1990 and 1991. The application was submitted to the Department June 24, 1992, after all individual pollution control systems had been placed into operation. The tax credit application was received by the Department within two years of operational completion of new or modified

landfill closure pollution control systems. Official "substantial completion" occurred on September 25, 1992 some time after the application was received on June 24, 1992.

There has been considerable correspondence with the applicant between June 1992 and May 1993 regarding which pollution control systems the Department should consider to be eligible.

4. Evaluation of Application

a. The facility, as identified by the Department, is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department (DEQ) and the federal Environmental Protection Agency (EPA), to prevent ground water pollution. The requirement is to comply with OAR 340-61, 40 CFR 258.40, and DEQ Solid Waste Closure Permit No. 330.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

There is no return on investment for this facility because the applicant claims there is no income derived from the landfill top liner or the stormwater, leachate and methane gas control system.

3) The alternative methods, equipment, and costs for achieving the same pollution control objective.

There are no alternatives. The liner and methane gas collection system are specified requirements of DEQ Solid Waste Closure Permit No. 330.

4) Any related savings or decrease in costs which occur or may occur as a result of the installation of the facility.

There are no savings realized from the installation of the facility.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water, or noise pollution or solid or hazardous waste, or to recycling or properly disposing of used oil.

a) The Department has recommended to the Commission that some portions of the claimed facility should not be eligible for tax credit certification because they constitute a separate pollution control facility. That facility was required as a conditions of landfill

operation and was substantially complete and in operation for a ten year period prior to this application. These portions of the claimed facility have been identified in Section 2 of this report and their cost, \$931,888 has been subtracted from the claimed facility cost. This will result in an eligible facility cost of \$1,438,742.

- b) The Environmental Quality Commission has directed that tax credit applications at or above \$250,000 go through an additional accounting review to determine if costs were properly allocated. This review was performed under contract by the accounting firm of Coopers and Lybrand. The cost allocation review of this application has identified \$28,118 of nonallowable costs in the Department recommend eligible facility. This amount has been subtracted from the eligible facility cost and results in a Department recommended allowable facility cost of \$1,410,624.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The Department identified portions of the claimed facility are eligible for tax credit certification in that their principal purpose is to comply with a requirement imposed by the Department and federal Environmental Protection Agency to prevent ground water pollution and control methane gas release.
- c. The facility complies with DEQ statutes and permit conditions.
- d. An independent accounting firm under contract with the Department has concluded that no further procedures be performed on T-3810, other than the adjustment for noneligible and nonallowable costs noted in this report.
- e. The portion of the allowable facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon the findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$1,410,624 with 100% allocable to pollution control be issued for the facility claimed in Tax Credit Applications No. T-3810. It is recommended that the Commission direct the Department to hold that certificate until the applicant has implemented a Department approved corrective action plan and the pollution control systems described in tax credit application TC-3810 are operational and approved. However, if the corrective action plan cannot be implemented by December 31, 1995, the Department recommends that the certificate be deemed revoked as of that date and that Riedel be granted a contested case hearing, if they choose to pursue the matter at that time.

September 27, 1993

Oregon Department of Environmental Quality  
811 S. W. Sixth Avenue  
Portland Oregon 97204

At your request, we have performed certain agreed upon procedures with respect to Riedel Waste Systems Inc. ( the Company) Pollution Tax Control Credit Application No. 3810 regarding the Killingsworth Fast Disposal in Portland, Oregon ( the Facility). The aggregate claimed Facility costs on the Application were \$2,370,630. The following agreed upon procedures and related findings are as follows:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits - Sections 469.150 -468.190 ( the Statutes) and the Oregon Administrative Rules on Pollution Control Tax Credits - Sections 340-16-005 through 340-16-050 (OAR'S).
2. We discussed the Application and Statues with Charles Bianchi of the Oregon Department of Environmental Quality (DEQ).
3. We reviewed the draft memorandum regarding the Company's application prepared by William R. Bree of the DEQ.
4. We discussed the application with Jerry Dettwiler of the Company.
5. We obtained the following schedules from the Company:

A. Part I - Costs Associated with Landfill Construction

Costs Incurred

	<u>Prior to 6/26/90</u>	<u>On or After 6/26/90</u>	<u>Total</u>
Bottom Liner	\$636,301	\$ 0	\$636,301
Leachate System	136,772	22,874	159,646
Stormwater			
Control	3,134	77,040	80,174
Groundwater			
Monitoring	<u>36,127</u>	<u>19,640</u>	<u>55,767</u>
Total costs	<u>\$812,334</u>	<u>\$119,554</u>	<u>\$931,888</u>

B. Part II - Costs Associated With Closing the Landfill

	<u>Costs Incurred</u>		
	<u>Prior to 12/27/89</u>	<u>After 12/27/89</u>	<u>Total</u>
Top Liner & Closure	\$303,876	\$902,804	\$1,206,680
Methane Gas System	<u>94,076</u>	<u>137,986</u>	<u>232,062</u>
Total costs	<u>\$397,952</u>	<u>\$1,040,790</u>	<u>\$1,438,742</u>
Grand total of all costs	<u>\$1,210,286</u>	<u>\$1,160,344</u>	<u>\$2,370,630</u>

We proved the mathematical accuracy of these schedules.

6. We inquired as to whether there were any costs associated with roadwork, office buildings or any other costs not directly attributable to the landfill claimed in the Application. We were informed that no such costs were included in the Application.

Based on our review of supporting documentation discussed in item no. 12 below we identified \$28,118 paid to RII Rocking & Paving Company as being attributable to roadwork and therefore not an eligible component of the total cost. This amount was charged to the Bottom Liner cost category and incurred prior to June 26, 1990.

7. We inquired as to whether were any costs associated with the normal costs of running and operating the landfill. We were informed that no such costs were charged.

Based on our review of supporting documentation discussed in item no. 12 below, there does not appear to be any costs associated of running and operating the landfill claimed in the Application.

8. We inquired as whether any salaries, wages and fringe benefits for employees were included in the Top Liner & Closure and Methane Gas System cost categories for operating the landfill prior to closure on 12/27/89. We were informed that no such costs were charged.

Based on our review of supporting documentation discussed in item no. 12 below, there does not appear that any salaries, wages and fringe benefits for employees were included in the Top Liner & Closure and Methane Gas System cost categories for operating the land fill prior to closure on 12/27/89.

9. Based on our review of supporting documentation discussed in item no. 12 below, costs appear to properly relate to the categories included in Parts I and II, as listed in item no.5 above, and properly eligible for the tax credit except as discussed in item no. 6 above.
10. Based on our review of supporting documentation discussed in item no. 12 below, costs were properly categorized by date as, for Part I before and on or after 6/26/90 and, for Part II, before and on or after 12/27/89.
11. We inquired as to whether engineering and overhead costs of \$189,840 were included in the total indirect costs of \$2,370,630, and if so, what were the methods and rates used to apply such costs. We were informed that indirect costs were not included in the \$189,840 for engineering and overhead costs. Based on our review of supporting documentation discussed in item no. 12 below, there does not appear to be any indirect Company costs claimed in the Application,
12. We reviewed supporting documentation as follows for the amount claimed on the Application through review of vendor invoices:

<u>Category</u>	<u>Percentage</u>
Bottom Liner	76%
Leachate System	33
Stormwater Control	93
Groundwater Monitoring	52
Top Liner & Closure	62
Methane Gas System	90

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the Application should be adjusted, except for the \$28,118 of costs noted in item no. 6 above. Had we performed additional procedures, or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company taken as a whole.



This report is solely for the State of Oregon Department of Environmental Quality in the evaluating the Company's Pollution Control Tax Credit Application and should not be used for any other purpose.

Portland, Oregon  
September 27, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Evergreen Forest Products, Inc.  
Allweather Wood Treaters  
7893 Pacific Avenue  
P.O. Box 2678  
White City, Oregon 97503

The applicant owns and operates a pressure treating wood preservation facility in White City, Oregon.

An application was made for a tax credit for a water pollution control facility.

2. Description of Facility

Evergreen Forest Products operates a pressure treating wood preservation facility. A chemical formulation of copper, chromium, and arsenic (CCA), in a water base, is used to treat and preserve wood. The treatment of the wood is performed in pressure vessels. Due to the nature of the chemicals used in the treatment process, Evergreen has constructed process areas and installed equipment to control pollution, including a concrete drip pad, steel sumps, a tank containment area, a chemical unloading area, a roof structure constructed over the drip pad and the treated lumber storage area, a dedicated forklift, a paved storage yard, and package transfer chains. The average estimated useful life of the treatment system is 30.3 years.

The drip pad is constructed of steel reinforced concrete that is sloped to a double-lined steel sump with a leak detection system. The drip pad is curbed around its perimeter and is covered with a building. This system collects and contains wood treating chemicals that may drip from the wood and also prevents the contact of the chemicals with the surrounding soil. Further, the drip pad prevents accidental spills or leaks from process equipment used in wood treatment. Fiber mesh has been installed in the reinforced concrete to prevent surface cracking. In addition, surface coatings have been applied to the

concrete surfaces to prevent penetration of the treatment chemicals. Drillage of treatment chemicals is diverted to a large steel sump, and the chemicals are recovered through pumping to be used again in the treatment process.

The tank containment area is located adjacent to the drip pad. This area consists of a reinforced concrete secondary containment structure with a small steel stump that is designed to contain spills from potential failures of above-ground storage tanks. Numerous large tanks are located within the containment area to store CCA, water, ammonia, and to serve as treatment work tanks.

The chemical unloading area is located adjacent to both the drip pad and the tank containment area. The unloading area is constructed of reinforced concrete and is used for spill containment. Trucks that are delivering chemicals to Evergreen Wood Treaters drive up the access ramp and unload the product within the containment area. If a spill were to occur, the spilled chemical would be captured by the containment system that includes a small steel sump. The chemical spilled would be recovered and directed to the above-ground storage tanks for use in the treatment process.

The roof structure is a prefabricated metal structure that has been installed over the drip pad and the treated lumber storage area. The roof prevents rainfall from contacting treatment chemicals found on the concrete pad and on the treated lumber. The generation of hazardous wastes is reduced since the rainfall does not become contaminated with CCA treatment chemicals.

The dedicated forklift allows Evergreen Wood Treaters to move the treated lumber off the drip pad without continuously moving equipment on and off the pad. This process prevents the tracking of chemicals onto the surrounding soil that would occur if the forklift left the pad. The forklift both receives untreated material from the storage yard and transfers treated material on the drip pad.

The storage yard at Evergreen Wood Treaters has been paved with asphalt to prevent the contamination of soil and groundwater with any chemical drippings from vehicles or stored wood at the facility. Spills are managed through storm water control mechanisms so that they do not leave the site.

The package transfer chains consist of two transfer chains that are used to transfer both untreated and treated wood

to and from the storage yards. The chains allow the transfer of materials on the drip pad so that other equipment will not enter or leave the pad and track chemicals onto the soil.

Claimed Facility Cost:	\$1,266,801
(Exhibit C of the application incorrectly lists the claimed cost as \$1,226,801 due to an addition error by the applicant. An Accountant's Certification was provided. The certification verifies that the claimed facility cost is \$1,266,801).	
Less: Nonallowable Costs:	<u>(11,600)</u>
Total Eligible Facility Cost	\$1,255,201

A cost allocation review of this application by an independent contractor has identified \$11,600 in costs that could not be supported. The eligible facility cost has been reduced for these costs.

### 3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met statutory deadlines in that construction of the facility was substantially completed on April 1, 1991. The application for certification was found to be complete on March 12, 1993, within 2 years of substantial completion of the facility.

### 4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to prevent water pollution. The requirement is to comply with OAR 340-41-362 and the requirements of the applicant's Water Pollution Control Facilities (WPCF) waste discharge permit.

Evergreen Forest Products operates a pressure treating wood preservation facility. A chemical formulation of copper, chromium, and arsenic (CCA), in a water base, is used to treat and preserve wood. Due to the nature of the chemicals used in the treatment process, Evergreen's facility has been constructed to prevent contact of the chemicals with soil and groundwater.

The facility also minimizes hazardous waste generation since the small quantity generated enables Evergreen to qualify as a conditionally exempt hazardous waste generator.

According to the Rogue Basin Standards given in OAR 340-41-362, toxic substances should not be discharged above natural background levels into waters of the State in amounts, concentrations, or combinations that may harm, alter, or accumulate in aquatic life or wildlife to levels that adversely affect public health, safety, or welfare, or beneficial uses.

Due to the toxicity of the components of CCA, the applicant's WPCF permit does not allow direct discharge of process wastewaters from the facility into public waters. As stated in the permit, all wastewater shall be recirculated and reused or controlled in a manner approved by the Department. Each batch of treated wood must be processed to minimize drippage and rainfall leaching of the wood if it is stored in the open. Further, the drip pad and containment pads shall be maintained free of cracks, corrosion or other deterioration that could cause hazardous waste to leak from the pads. The drip pad and containment pads shall be operated and maintained to prevent tracking of hazardous waste off the drip pad by personnel or equipment. The transfer of chemicals and storage of full and empty chemical containers should be conducted on a sealed containment pad so that spillage or contaminated runoff can be collected and returned to the plant's collection and recirculation system.

Evergreen Wood Treaters installed the drip pad, the tank containment area, the chemical unloading area, the roof structure, a dedicated forklift, a paved storage yard, and package transfer chains to achieve compliance with their WPCF permit.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility converts part of the waste products into a usable commodity by recycling any spilled CCA back into the wood treatment system.

- 2) The estimated annual percent return on the investment in the facility.

The applicant indicates in the application that there is no income or savings from the facility, so there is no return on investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant stated in the application that there are no known alternative methods to be installed in place of the drip pad, the tank containment area, the chemical unloading area, the dedicated forklift, the package transfer chains, the paved storage yard, and the steel sumps. Evergreen did consider an alternative to roofing the storage facility, including wrapping bundles of wood with a polyethylene material. When this method was used on unseasoned wood at the facility, the moisture trapped in the materials allowed a mold to form on the wood, making the product undesirable.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings from the facility. Even with the recovery of the CCA, the applicant has demonstrated that no savings has resulted from the operation. The cost of maintaining and operating the facility has been estimated to average \$20,364 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

- (a) The Environmental Quality Commission has directed that tax credit applications at or above \$250,000 go through an additional accounting review to determine if costs were properly allocated. This review was performed under contract by the accounting firm of Symonds, Evans & Larson. In addition to the adjustment for nonallowable facility costs, the cost allocation review of this application has identified the issues listed in (b) below that must be resolved.

- (b) The applicant included the entire cost of \$509,000 for constructing the storage yard in the total cost claimed with the application. However, the applicant indicated that portions of the storage yard were not allocable to water pollution control. Additional information was requested to clarify the allocable portion of the cost. The applicant indicated that portions of the storage area were used for vehicle circulation, parking, and storage of both untreated wood waiting for processing and treated wood. The applicant reduced the claimed cost by 75% based upon the area used for activities other than treated wood storage, leaving 25% of the cost claimed for the storage yard as allocable to pollution control. Further, since the applicant stated in the application that the dedicated forklift and the package transfer chains are redundant equipment that perform the same function, the cost of the more expensive equipment purchased, the package transfer chains for \$69,864.00, is not allocable to water pollution control. It was determined that the claimed facility cost was \$803,587, or 64% of the total eligible facility cost.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to prevent water pollution and accomplishes this purpose by the containment of industrial waste as defined in ORS 468.700.
- c. The facility complies with DEQ statutes and rules, and permit conditions.
- d. An independent accounting firm under contract with the Department has concluded that no further review procedures be performed on T-3916 (see attached review report).
- e. The portion of the facility cost that is properly allocable to pollution control is 64%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$1,255,201 with 64% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. T-3916.

Pamela Fink:plf  
EVERGREEN.TAX  
(503) 229-6385, Ext. 248  
April 22, 1993



**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

Environmental Quality Commission  
811 S.W. Sixth Avenue  
Portland, Oregon 97204

At your request, we have performed certain agreed-upon procedures with respect to Evergreen Forest Products, Inc.'s – Allweather Wood Treaters (the Company's) Pollution Control Tax Credit Application No. 3916 (the Application) filed with the State of Oregon, Department of Environmental Quality (DEQ) for the Water Pollution Control Facility in White City, Oregon (the Facility). The Application has a claimed Facility cost of \$815,187 (as amended by DEQ). Our procedures, findings and conclusion are as follows:

Procedures:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits – Sections 468.150 through 468.190 (the Statutes), and the Oregon Administrative Rules on Pollution Control Tax Credits – Sections 340-16-005 through 340-16-050 (OAR's).
2. We reviewed certain documents which support the Application.
3. We discussed the Application, the Statutes and OAR's with certain DEQ personnel, including Charles Bianchi and Pam Fink.
4. We discussed certain components of the Application with certain Company personnel including the following:
  - Gerry Glem
  - Harold Osterman
  - Don Johnston
5. We toured the Facility with Mr. Johnston.
6. We confirmed the following directly with Batzer Construction, Inc. (General Contractor for the Facility):
  - a) The cost of labor and material to install the tank farm foundation and related supports (which were included in the Application) was \$11,600.

**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

- b) The \$238,000 of costs (included in the Application) related to the roof structures for the main plant and storage building do not include any charges for insulation, the maintenance shop, the lunch room, the dry kilns or the office.
7. We reviewed certain workpapers of the Company's certified public accountants that related to the Facility.
  8. We requested that Company personnel confirm the following:
    - a) There were no related parties or affiliates of the Company which had billings which were included in the Application.
    - b) In accordance with ORS 468.155(2)(e), the Facility is not a "replacement or reconstruction of all or a part of any facility for which a pollution control facility certificate has previously been issued..."
    - c) All costs included in the Application related directly to the construction of the Facility and were not related to maintenance and repairs.
    - d) The roof structures covering the treated lumber are allowable costs, because continual rain would cause drippage that would eventually result in non-compliance with regulatory limits.

Findings:

1. through 7.

No matters came to our attention that caused us to believe that the Application should be adjusted, except for \$11,600 of non-allowable costs to install the tank farm foundation and related supports.

As a result, the allowable costs for the Application should be reduced to \$803,587.

8. Company personnel confirmed in writing that such assertions were true and correct.

**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

Conclusion:

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified items should be adjusted, except as noted above. Had we performed additional procedures or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company, taken as a whole.

This report is solely for the use of the State of Oregon Environmental Quality Commission and Department of Environmental Quality in evaluating the Company's Pollution Control Tax Credit Application with respect to its Water Pollution Control Facility in White City, Oregon and should not be used for any other purpose.

*Symonds, Evans & Larson*

October 5, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Lamb Weston, Inc.  
P. O. Box 705  
Hermiston, OR 97838

The applicant owns a frozen potato processing plant in Hermiston, Oregon.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

The applicant has substantially expanded the acreage available for irrigation. The expanded irrigation system includes piping of wastewater from the Lamb Weston plant to the Madison Ranch (about three miles) and the installation of center pivot irrigation systems.

Claimed Facility Cost: \$2,410,058.00  
(Accountant's Certification was provided).

Eligible Facility Cost: \$2,277,236.00

The eligible costs are:

All costs submitted by the applicant were deemed to be eligible except for construction interest/capitalized interest (see attached summary of eligible costs).

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met statutory deadline in that construction and installation of the claimed portion of the facility was substantially completed on November 9, 1992 and the application for certification was filed on December 11, 1992, within 2 years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department of Environmental Quality to prevent groundwater pollution by irrigating at agronomic rates. To accomplish this goal, the applicant has increased the land irrigation area to over 2,700 acres. The eligible costs are costs associated with the installation of the irrigation system that include land acquisition, installation of piping to transport the wastewater from the Lamb Weston plant to Madison Ranch, installation of a center pivot irrigation systems, and other associated equipment.

Prior to expanding the irrigation system, the applicant was not able to meet the requirement that wastewater be land applied at agronomic rates. The additional irrigation acreage enables the applicant to irrigate wastewater at agronomic rates to prevent groundwater pollution.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no revenue generated from this facility and therefore, no return on investment. The applicant has constructed facilities to deliver and irrigate wastewater at nearby farms. The applicant does not realize an economic benefit from these farming operations.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Two other options were considered by the applicant. Option one was to purchase and develop additional land near their existing site to irrigate wastewater. An additional 3,000 to 4,000 acres of land would be required at an estimated cost of 3.0 - 4.5 million dollars.

A second option that was considered was to install a constructed wetland treatment system. The applicant conducted pilot testing of a constructed wetland treatment system. The option that was selected (land application at the Madison Ranch) provided the best use of the wastewater at the least cost.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There is no savings that would be realized as a result of installing the center pivot irrigation system.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

The Department determined that capitalized interest/construction interest was not an eligible cost and subtracted this amount from the Claimed Facility Cost to determine the Eligible Facility Cost.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.

- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department of Environmental Quality to protect groundwater. The applicant accomplished this purpose by irrigating at agronomic rates and increasing the irrigation acreage to 2700 acres.
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$2,277,236 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. T-3922.

Rajeev Kapur  
IW\WC11\WC11921.5  
(503) 229-5185  
14 Sept 93

EXHIBIT A

Lamb-Weston Waste Water Project  
Tax Credit Application No. 3922  
Summary and description of project components

Component	Description	Amount
A101	BURIED PIPELINE AT RANCH	\$504,499
A102	NORTH BOOSTER STATION	\$68,820
A103	C PIVOTS & ASSOC. VALVES, ETC.	\$938,088
A104	WINTERIZE MADISON SYSTEM	\$36,098
A105	GROUNDWATER MONITORING	\$104,754
B101	RIGHTS OF WAY	\$34,574
B102	FREEWAY, CANAL, ROAD, & RR CROSSINGS	\$74,085
B103	BURIED PIPELINE: PLANT TO RANCH	\$337,462
C101	SEPARATE DOMESTIC WASTE	\$5,158
C102	IMPROVE INDUSTRIAL W.W.T.P.	\$11,532
C104	ENGINEERING AND PERMITS	\$67,212
D101	NEW PIPELINE TO L-W FARM	\$107,605
D102	DISPOSAL DISTRIBUTION MANIFOLD	\$61,109
E101	LAND ACQUISITION	\$50,536
	CONSTRUCTION INTEREST	\$132,822
	<u>Total Expense</u>	<u>\$2,534,352</u>
	Less exclusions	
C101	SEPARATE DOMESTIC WASTE	\$5,158
C102	IMPROVE INDUSTRIAL W.W.T.P.	\$11,532
D101	NEW PIPELINE TO L-W FARM	\$107,605
	<u>Total Project Cost</u>	<u>\$2,410,058</u>
	Construction Interest is not an eligible cost	<u>132,822</u>
	<u>Total Eligible Cost</u>	<u>\$2,277,236</u>



Oregon Department of Environmental Quality  
811 S. W. Sixth Avenue  
Portland Oregon 97204

At your request, we have performed certain agreed upon procedures with respect to Lamb-Weston, Inc.'s (the Company) Pollution Tax Control Credit Application No. 3922, regarding the Lamb-Weston Waste Water Irrigation System in Umatilla County, Oregon (the Facility). The aggregate claimed Facility costs on the Application were \$2,410,058. The following agreed upon procedures and related findings are as follows:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits - Sections 469.150 -468.190 ( the Statutes) and the Oregon Administrative Rules on Pollution Control Tax Credits - Sections 340-16-005 through 340-16-050 (OAR'S).
2. We discussed the Application and Statues with Charles Bianchi and Rajeev Kapur of the Oregon Department of Environmental Quality (DEQ).
3. We discussed the Application and Statutes with Tom Wamsley, Administrative Services Manager of the Company.
4. We inquired as to whether there were any direct or indirect Company costs charged to the Facility costs claimed in the Application. We were informed that no such costs were charges.

Based on our review of supporting documentation discussed in item no. 5 below, there does not appear to be any direct or indirect Company costs claimed in the Application.

5. We reviewed supporting documentation for 82% of the amount claimed on the Application through review of vendor invoices. All costs which we reviewed supporting the Application appeared to be from third party vendors.
6. We discussed with Tom Wamsley, Administrative Services Manager for the Company, the extent to which non-allowable costs were excluded from the Application. This was accomplished by reviewing specific contractor invoices (see item no. 5) with Mr. Wamsley. We determined that the Company had not properly excluded from the Application \$132,822 of self imputed interest costs on construction expenditures. Accordingly, the Facility costs claimed on the Application should have been \$2,277,236, instead of \$2,410,058.

Oregon Department of Environmental Quality  
Page Two

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the Application should be adjusted, except for the \$132,822 of costs noted in item no. 6 above. Had we performed additional procedures, or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company taken as a whole.

This report is solely for the State of Oregon Department of Environmental Quality in the evaluating the Company's Pollution Control Tax Credit Application and should not be used for any other purpose.

Portland, Oregon  
October 26, 1993

State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

---

1. Applicant

Timber Products Co.  
Medford Hardwood Plywood  
PO Box 1669  
Medford OR 97501

The applicant owns and operates a hardwood plywood mill in Medford, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facilities control the emissions of three veneer dryers and reduce emissions from the plywood sander and plytrim lines. The facilities consist of an Electrified Filter Bed (EFB) HFC 50 electrostatic precipitator, a Northwest baghouse, and support equipment.

Claimed Facility Cost: \$729,312.64

The claimed facility replaces a previously certified pollution control facility. On February 22, 1980, Pollution Control Facility Certificate No. 1057 was issued to Timber Products Company for \$219,823.08. The facility consisted of two Burley scrubbers and water treatment system to control the emissions from two veneer dryers. The claimed facility replaces the scrubbers and utilizes the water treatment system. In accordance with OAR 340-16-025 (g), the applicant is eligible for the difference between the like-for-like replacement costs of the original facility and the new facility. The Department estimated and the applicant concurred it would cost \$240,055.13 to replace the original facility. This estimate does not include the cost of replacing the water treatment system since it is utilized in the claimed facility.

A distinct portion of the facility makes an insignificant contribution to the principal purpose of pollution control. The applicant claimed \$16,708.37 for equipment installed on their veneer dryers and \$225 for engineering work unrelated to pollution control.

Like for Like Replacement Costs: \$240,055.13  
Ineligible costs: \$16,933.37

Adjusted Facility Cost: \$472,324.14

Accountant's Certification was provided.

The applicant indicated the useful life of the facility is ten years.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The electrostatic precipitator meets all statutory deadlines in that:

Installation of the EFB was substantially completed on March 19, 1991, and it was placed into operation on January 2, 1991. The Department received the application on February 10, 1993. The Department considered this portion of the application filed in all technical aspects on March 11, 1993, within two years of substantial completion of the facility.

The Fabric Filters Northwest Baghouse met all statutory deadlines in that:

Installation of baghouse and pneumatic waste transport system was substantially completed on November 18, 1992. The facility was placed into operation on September 14, 1992. The Department considered this portion of the application filed in all technical aspects on July 22, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

a. Rationale For Eligibility

The EFB electrostatic precipitator is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution. The Air Contaminant Discharge Permit for this source, 15-0025, requires the permittee to control the atmospheric emissions of all veneer dryers. This is in accordance with OAR Chapter 340, Division 30, rule 021. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The facility consists of an Electrified Filter Bed (EFB) electrostatic precipitator and associated support equipment. Installation of the facility required ducting, structural support, electrical materials, a foundation, a fire suppression system, and contract labor. The claimed facility controls particulate emissions to the atmosphere of the applicants three plywood veneer dryers. The emissions consist of hydrocarbons vaporized in the veneer drying process. The vaporized hydrocarbons condense into liquid particulate when exposed to ambient conditions in the atmosphere. After the installation of the EFB, the applicant performed compliance demonstration tests for all three veneer dryers on April 4, 1991 and August 6 & 7, 1992. The Department reviewed the tests and acknowledged the compliance status of the veneer dryers.

The veneer dryer exhaust is drawn through ducting by a 75 horse power fan located between the EFB and the exhaust stack. The ducting routes the exhaust gas stream into an evaporative cooler where the hydrocarbons are cooled and condense into a suspended liquid particulate. The exhaust gas stream then passes through negatively charged electrodes. The electrodes generate ions which impart a negative charge to the particulate. The exhaust gas stream is then drawn into the positively charged filter bed. The particulate is attracted to the positively charged areas of the filter bed causing the

particulate to accumulate and drop out of the exhaust stream. The filtered exhaust stream is then drawn into the stack and vented to the atmosphere. The collected particulate seeps down through the bed and drains out of the EFB.

The baghouse and pneumatic waste transport system is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution. On May 25, 1990 the Department required the applicant to present a remedial action plan to reduce the level of particulate fallout on adjacent properties to 10 grams per square meter per month. This is in accordance with OAR Chapter 340, Division 31, Rule 45, Particulate Fallout. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The claimed facility reduces particulate emissions from the plywood sander and plywood trimming saws' pneumatic waste transport systems. The facility consists of a Fabric Filters Northwest baghouse, a pneumatic conveyance system, and support equipment. Installation of the pneumatic transport system required ducting, structural materials, a fan and motor, electrical materials, and contract labor. Installation of the new baghouse required a support structure, a fire detection and suppression system, a foundation, and electrical and mechanical materials and labor.

Prior to the installation of the claimed facility the emissions from the plywood plant's pneumatic waste transport system were controlled by a single Carothers baghouse. The Carothers baghouse was operating over capacity which resulted in periodic events where air flow through the filters was obstructed. These obstructions caused a pressure build up in the baghouse, which pushed materials backwards through the pneumatic transport system into the mill. When these events occurred the pneumatic transport system was rerouted to an uncontrolled cyclone, which contributed to the applicant's particulate fallout problem. Department records indicate that these excess emission events were occurring on the average of once a week. Since the installation of the facility Department records indicate excess emission events related to the Carothers baghouse filter obstruction have ceased occurring.

The facility is one approach the applicant has taken toward addressing the particulate fallout problem. The amount of fallout on adjacent properties has decreased from an average of 45 grams per square meter each month in 1990 to an average of 22 grams per square meter each month in 1993. The Department has required the applicant reduce the level of total particulate fallout to 10 grams per square meter per month. The applicant is developing continuing strategies to address the particulate fallout problem.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

A portion of the waste material retrieved by the pneumatic waste transport system is a usable commodity consisting of sander dust used for boiler fuel. The average annual value of this fuel is estimated by the Department to be \$48,845.00. The EFB does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

The average annual cash flow of the facility is \$29,646.00 which results from income generated by the baghouse less increase in annual operating costs. Dividing the average annual cash flow into the cost of the facility gives a return on investment factor of 24. Using Table 1 of OAR 340-16-30 for a useful life of ten years gives an annual return on investment of 0%. As a result, the percent allocable is 100%.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Electrostatic precipitators are technically recognized as an acceptable method for controlling the emissions of particulate from veneer dryers in PM10 Non-Attainment Areas. Baghouses are technically recognized as an acceptable method for controlling the emissions of particulate from wood waste pneumatic transport systems.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The increase in annual operating costs of the facility is \$19,199.00. There is a savings of \$32,382.00 in maintenance and operating costs of the EFB compared to the previous facility. However the cost of maintaining and operating the Fabric Filters baghouse and pneumatic waste transport system is \$51,581.00 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control, or reduction of air pollution.

The eligible facility costs have been determined to be \$472,324.14 after adjusting for a distinct portion of the facility which is not eligible for tax credit certification. This is discussed in section 2 of this report.

The Environmental Quality Commission has directed that tax credit applications at or above \$250,000 go through an additional Departmental accounting review, to determine if costs were properly allocated. This review

was performed under contract with the Department by the accounting firm of Symonds, Evans & Larson (see attached report).

Other than the adjustments to the claimed facility cost made by the Department referenced in section 2, the cost allocation review of this application has identified no issues to be resolved and confirms the cost allocation as submitted in the application.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to reduce air pollution.
- c. The facility complies with DEQ statutes, rules, and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$472,324.00 with 100% allocated to pollution control be issued for the facility claimed in Tax Credit Application No. TC-3979.

BKF  
MISC\AH72915  
September 1, 1993

**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

Environmental Quality Commission  
811 S.W. Sixth Avenue  
Portland, Oregon 97204

At your request, we have performed certain agreed-upon procedures with respect to Timber Products Company's (the Company's) Pollution Control Tax Credit Application No. 3979 (the Application) filed with the State of Oregon, Department of Environmental Quality (DEQ) for the Air Pollution Control Facility in Medford, Oregon (the Facility). The Application has a claimed Facility cost of \$472,324 (as amended by the DEQ). Our procedures, findings and conclusion are as follows:

Procedures:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits – Sections 468.150 through 468.190 (the Statutes), and the Oregon Administrative Rules on Pollution Control Tax Credits – Sections 340-16-005 through 340-16-050 (OAR's).
2. We reviewed certain documents which support the Application.
3. We discussed the Application, the Statutes and OAR's with certain DEQ personnel, including Charles Bianchi and Brian Fields.
4. We discussed certain components of the Application with numerous Company personnel including the following:
  - Gary Korepta
  - Gary DelGrande
  - Terri Haydukiwecz
5. We toured the Facility with Mr. Korepta.
6. We requested that Company personnel confirm the following:
  - a) There were no related parties or affiliates of the Company which had significant billings which were included in the Application.



**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

- b) All costs included in the Application related directly to the construction of the Facility and were not related to maintenance and repairs.
- c) The remaining salvage value (net of any removal and selling costs) of prior equipment that is no longer being used in the Facility is estimated to be less than \$1,000.
- d) All amounts included in the Application relate directly to pollution control, and none of the amounts included in the Application relate to costs that would have been incurred by the Company to upgrade/maintain the Facility in the normal course of business.
- e) The Application does not include any costs related to the environmental remediation of the Facility.
- f) The allocation of 19% of the costs related to the equipment purchased at the KOGAP auction is appropriate for the Medford plant.

**Findings:**

1. through 5.

No matters came to our attention that caused us to believe that the amended claimed Facility costs should be adjusted.

6. Company personnel confirmed in writing that such assertions were true and correct.

**Conclusion:**

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the amended claimed Facility costs should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company, taken as a whole.

This report is solely for the use of the State of Oregon Environmental Quality Commission and Department of Environmental Quality in evaluating the Company's Pollution Control Tax Credit Application No. 3979 with respect to its Air Pollution Control Facility in Medford, Oregon and should not be used for any other purpose.

*Symonds, Evans & Larson*

November 15, 1993

State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

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1: Applicant

Intel Corporation  
Oregon Site  
3065 Bowers Avenue  
Santa Clara, CA 95051

The applicant owns and operates a microcomputer chip manufacturing complex in Aloha, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility controls the emissions of toxic air contaminants to the atmosphere. The facility consists of two Beverly Pacific Scrubbers, one Harrington Plastics Scrubber, four fans, ducting, and support equipment.

Claimed Facility Cost: \$6,610,690.00

A distinct portion of the claimed facility makes an insignificant contribution to the sole purpose of pollution control. The applicant claimed \$251,136.00 for an uncontrolled solvent exhaust system which emits solvent fumes to the atmosphere. The applicant stated in the application the intent to install controls in the future. The solvent exhaust system does not eliminate the emission of air contaminants to the atmosphere as defined in ORS 468.005..

The Department reviewed job cost reports, contracts, and invoices for \$1,820,943 of discrete mechanical costs for the scrubbers, fans and exhaust duct system. The applicant estimated the costs incurred from the control equipment, electrical support, and structural support of the exhaust scrubber system. The Department reviewed the applicants estimation approach and modified it in an effort to better reflect the incremental costs of the exhaust scrubber system on plant construction.

The accounting review contracted by the Department determined the applicant had not properly excluded \$641,650 costs from the overhead cost category. These costs are not eligible for inclusion in the partially eligible indirect cost category as they are not associated with the incremental costs of installing the process exhaust scrubber system. This review also determined \$367,918 of acceleration costs that were classified as partially eligible support costs should be classified as partially eligible indirect costs. The net effect of the above noted items on the cost allocation methodology used in the application decreases the allowable costs by \$32,055.

Discrete mechanical eligible costs		
05-252	M-scrubbed exhaust	\$1,809,534
05-253	L-scrubbed exhaust	<u>\$11,409</u>
Total		\$1,820,943

Process related equipment and structures cost		
01	Process Modules: Includes line items 100, 130, 200, and 210	\$7,537,496
05	Mechanical: Includes all line items.	\$28,799,099
08	Fit Up: Includes line items 120, 301, 410, 510, 520, 530, 560, and 750.	<u>\$2,259,227</u>
Total		\$38,595,822

Scrubbed exhaust system fraction of total process related equipment and structures cost  
 $1,820,943/38,595,822 = 4.72\%$

Support cost categories partially eligible		
02	Site Work: Includes line items 005, 010, 015, 110.	\$2,702,464
03	Building Shell: Includes line items 220-430, 704, 740-952.	\$24,425,896
05	Mechanical: Includes line items 260-270, 400.	\$3,924,333
06	Electrical: Includes line items 100, 200, 201, 210, 211, 300, 400, and 410.	<u>\$9,363,053</u>
Total		\$40,415,746

Eligible portion of support costs		
$4.72\% * \$40,415,746$		\$1,907,623

Direct costs for chemical resistant coating		
02-290		\$73,494
04-330		\$319,612

Total exhaust scrubber capitol costs		
$\$1,820,943 + \$1,907,623$		
$+ \$73,494 + \$319,612 =$		\$4,121,672

Indirect cost categories partially eligible:		
10	Overhead (administration & engineering) less ineligible cost identified by Department contracted accountant.	\$18,053,148
12	Acceleration (general contractor overtime)	<u>\$367,918</u>
Total partially indirect costs.		\$18,421,066

Total overhead costs divided by total plant construction capitol costs  
 $\$18,421,066 / \$93,352,278 = 19.73\%$

Exhaust scrubber overhead costs		
$\$4,121,672 * 19.73\% =$		\$813,206

Total exhaust scrubber system adjusted facility cost		\$4,934,878
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Accountant's Certification was provided.

The applicant indicated the useful life of the facility is ten years.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Construction, Installation of the facility was substantially completed on August 31, 1992 and placed into operation on September 1, 1992. The application for final certification was received by the Department on March 2, 1993. The application was found to be complete on November 5, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the sole purpose of the facility is to control air pollution. The air contaminants controlled are toxic pollutants. The Department is currently developing rules under Title III, of the Clean Air Act Amendments of 1990, for the control of air toxics. In the interim, the Department is implementing guidelines that require new sources and major modifications to existing sources to quantify their emissions of air toxics. Proposed emission levels are evaluated relative to established Significant Emission Rates (SER) for each air toxic. New sources which generate air toxics above the SER are required to model concentration levels for site specific conditions to determine if emissions meet or exceed acceptable risk levels. The emission rates for each air toxic as controlled by the scrubbers, is below the SER. The control is accomplished by the elimination of air contaminants as defined in ORS 468.005.

The D1A fabrication process exhaust scrubber system controls the emissions of the following toxic air contaminants:  $H_2SO_4$ ,  $H_3PO_4$ ,  $HNO_3$ ,  $HCl$ ,  $HF$ ,  $NaOH$ ,  $NH_4OH$ ,  $CH_3CO_2OH$ ,  $NF_3$ ,  $NH_3$ , and  $Cl_2$ . These substances are used in the applicant's photo-resist developer chambers, etcher reaction boxes, and wet stations used for microcomputer chip wafer surface purification. The fabrication area exhaust scrubber system consists of two Beverly Pacific PSH-3860-5 acid scrubbers, two Pace fans (size CL-54 AFSWS) with 125 horsepower Reliance Duty Master motors, and an exhaust ducting network. Support systems include portions of the plant's structural support, electrical support, fire protection, and the plant's control system.

The fabrication process includes 200 to 250 tools that use toxic air contaminants. There are eleven intermediate duct branches, ranging in size from 24" to 48", which draw exhaust from tools. The duct branches are supported by metal collars suspended by threaded support bolts fastened to I-beams which are anchored to the buildings structural support columns. Exhaust is drawn into the trunk ducts from the eleven intermediate duct branches through vertical connecting ducts.

The main duct trunks lie in trenches set into the foundation of the D1A building. The trenches are covered by steel grating to allow passage over the duct system. This arrangement prevents the main ducting trunks from obstructing

the utility work area operations. There are two trunk lines ranging in size from 64" to 84" in diameter. Process exhaust is drawn from the duct trunks into two 84" risers each of which connects to one end of an 84" header duct running the length of the scrubber attic.

The exhaust scrubbers are connected in series to the 84" duct header. Each draws a portion of the process exhaust. Each scrubber body is filled with high surface area plastic packing media. Water runs over the media providing a wet surface for the process exhaust to pass over. The scrubber fan pulls exhaust through the scrubber and acid fumes are adsorbed on the media surface. The scrubber system includes circulation pumps, a sump pump, and a chemical feed pump. The scrubber's control system utilizes these pumps to maintain high pH in the scrubber water and a low dissolved solids content. The process exhaust is then pulled through each scrubber fan and emitted to the atmosphere through the exhaust stack.

The process tools and sections of the duct network are connected to and isolated from the exhaust system with manual dampers called blast gates. A blast gate consists of a blade inserted into the ducting. Pressure transducers located in the main trunk ducting measure static pressure and provide readings to the Allen Bradley control system which controls equipment throughout the plant. The control system instructs the scrubber fan's variable frequency drives to adjust the fan speed. The control system maintains a negative four inch static pressure in the trunk ducts.

The applicant also claimed cost for an exhaust scrubber system which controls the atmospheric emissions of the applicants waste water treatment system. This equipment consists of a Harrington ECH-55-5 LB scrubber and two Harrington HPCA 2700 fans, ducts, and support equipment. The system collects off-gasses from ozone cabinets, acid waste tanks, fluoride waste tanks, and chemical feed tanks.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no income or savings from the facility, so there is no return on the investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Water scrubbers are a technically accepted method for controlling the emissions of acid fumes to the atmosphere.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There is no savings from the facility. The cost of maintaining and operating the facility is \$171,900 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

The Environmental Quality Commission has directed that tax credit applications at or above \$250,000 go through an additional Departmental accounting review, to determine if costs were properly allocated. This review was performed under contract with the Department by the accounting firm of Symonds, Evans & Larson (see attached report).

Other than the adjustments to the claimed facility cost referenced in section 2, the cost allocation review of this application has identified no issues to be resolved and confirms the cost allocation as submitted in the application.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the sole purpose of the facility is to control air pollution.
- c. The facility complies with statutes, rules, and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$4,934,878 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3993.

**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

Environmental Quality Commission  
811 S.W. Sixth Avenue  
Portland, Oregon 97204

At your request, we have performed certain agreed-upon procedures with respect to Intel Corporation's (the Company's) Pollution Control Tax Credit Application No. 3993 (the Application) filed with the State of Oregon, Department of Environmental Quality (DEQ) for the Air Pollution Control Facility in Aloha, Oregon (the Facility). The Application has a claimed Facility cost of \$6,610,690. Our procedures, findings and conclusion are as follows:

Procedures:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits – Sections 468.150 through 468.190 (the Statutes), and the Oregon Administrative Rules on Pollution Control Tax Credits – Sections 340-16-005 through 340-16-050 (OAR's).
2. We reviewed certain documents which support the Application.
3. We discussed the Application, the Statutes and OAR's with certain DEQ personnel, including Charles Bianchi and Brian Fields.
4. We discussed certain components of the Application with numerous Company personnel, including the following:
  - Rick Comeau
  - John Arand
  - Bonnie Brady
  - Bill Croutch
5. We reviewed certain workpapers of the Company's certified public accountants that related to the Facility.
6. We discussed selected components of the Application with William Lewis and Carl Garrison, employees of Hoffman Construction Company of Oregon, the general contractor for the Facility.

**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

7. We toured the Facility with Mr. Arand.
8. We requested that Company personnel confirm the following:
  - a) There were no related parties or affiliates of the Company which had billings which were included in the Application.
  - b) Separate codes were not utilized to account for the costs of the Facility and, therefore, an allocation methodology was the only feasible means of estimating the allowable costs.

Findings:

1. through 7.

No matters came to our attention that caused us to believe that the claimed Facility costs should be adjusted, except as follows:

- \$367,918 of acceleration costs that were classified as partially eligible should be classified as indirect costs.
- The following indirect costs should be excluded from the indirect cost allocation, as they are not incremental costs associated with the Facility.

QA/QC process piping	\$ 187,284
High Purity consulting	90,332
Site security	17,828
Move-in costs	35,283
AT-1 move-in expense	179,323
Landscaping/kitchen IDC	<u>131,600</u>
	<u>\$ 641,650</u>

The net effect of the items noted above on the cost allocation methodology used in the Application (in addition to certain items identified by the DEQ) decreases the allowable costs by \$1,675,812. As a result, the allowable costs for the Application should be decreased to \$4,934,878.

8. Company personnel confirmed in writing that such assertions were true and correct.



**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

**Conclusion:**

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the claimed Facility costs should be adjusted, except as noted above. Had we performed additional procedures or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company, taken as a whole.

This report is solely for the use of the State of Oregon Environmental Quality Commission and Department of Environmental Quality in evaluating the Company's Pollution Control Tax Credit Application No. 3993 with respect to its Air Pollution Control Facility in Aloha, Oregon and should not be used for any other purpose.

*Symonds, Evans & Larson*

November 22, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Intel Corporation  
(Oregon Site)  
3065 Bowers Avenue  
Santa Clara, CA 95051

The applicant owns and operates a microcomputer chip manufacturing facility in Aloha, Oregon.

Application was made for a tax credit (TC-4006) for a hazardous waste and solid waste segregation and collection facility.

2. Description of Facility

The facility consists of tanks, piping, drums, automatic valves, pumps and sumps whose sole function is to control, segregate and collect hazardous and non-hazardous wastes. The system is designed to contain and detect any leakage or spillage of wastes. There are no salable or usable commodities produced from the facility; however, the facility provides the necessary source separation of materials so that they can be recovered downstream as a useful material in a fuels reprocessing and recovery program.

The claimed facility cost has been adjusted by the Department as described in section 4(b)(5) of this report.

Claimed Facility Cost: \$537,085

Adjusted Claimed Facility Cost: \$379,973

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Construction of the facility was substantially completed in August, 1992 and the application for final certification was found to be complete on November 3, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

a. The facility is eligible for final tax credit certification because the sole purpose of the facility is to prevent, control, and substantially reduce the quantity of hazardous waste produced. This prevention and/or control and reduction is accomplished by the use of a material segregation and collection system that substantially reduces or eliminates hazardous waste as defined in ORS 466.005.

It appears that the facility is in compliance with the hazardous waste regulations.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not appear to recover or convert waste products into a salable or usable commodity, although the design of the facility allows for recovery of some materials for downstream reprocessing for a fuels' program. Intel pays for the disposal of the wastes in the fuels program.

- 2) The estimated annual percent return on the investment in the facility.

Because the claimed facility is new and does not replace any existing

system, and since no salable or usable commodities are produced, the operations have a negative annual cash flow; hence there is no return on investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Alternative control and/or treatment methods and systems were evaluated by Intel engineers but were not considered cost effective for Intel's specific application.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

(a) The facility separates non-hazardous, m-Pyrrol, from hazardous waste bulk solvents (D001, D038, F001, F002, F003 and F005) and photoresist (D001, D026, F003 and F004). If separation of the m-Pyrrol did not occur, the volume of hazardous wastes generated would be greater and disposal costs could increase. However, separation of the materials is technically necessary because of waste incompatibility and method of disposal: the materials are recovered downstream to be used in a fuels' reprocessing and recovery program, at a cost to Intel.

- 5) There are other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of hazardous waste. The eligible cost findings are as follows:

Direct eligible costs

Mechanical (solvent  
collection system components)

	<u>168,472</u>
Total direct eligible costs	168,472

Mechanical costs	
Mechanical Equipment (all line items)	28,799,099
Fit-Up Costs (only items 120, 301, 410, 510, 520, 530, 560 and 750)	2,259,227
Process Modules (only items 100, 130, 200, 210)	<u>7,537,496</u>
Total mechanical costs	38,595,822

Hazardous waste fraction of total mechanical:

$$168,472/38,595,822 = 0.0044$$

Other cost categories partially eligible	
Building shell (03) (all items except 430, 705, 706, 720, 730, 735, 738)	23,197,892
Mechanical (05) (only items 260, 261 270 and 400)	3,924,333
Electrical (06) (all items except 100, 200, 400 and 410)	<u>6,715,597</u>
Total other costs	33,837,822

Eligible portion of Building Shell, Mechanical and Electrical:

$$33,837,822 \times 0.0044 = 148,886$$

Eligible Indirect Cost Calculation

Indirect Costs	18,421,066
Total Facility Cost	93,352,278

Indirect fraction of total  
project cost:

$$10/01-09+11 = 18,421,066/93,352,278$$
$$= .1973 \times 100 = 19.73\%$$

Eligible Indirect Costs	
$317,358 \times .1973 =$	62,615

Total Eligible Costs

Direct Mechanical	168,472
Eligible Building Shell, Electrical and Mechanical	148,886

Eligible Indirect	<u>62,615</u>
Total:	379,973

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification because the sole purpose of the facility is to prevent and/or control and substantially reduce the quantity of hazardous waste. This prevention, control, and reduction is accomplished by the use of a material segregation and collection system design that substantially reduces or eliminates hazardous waste as defined in ORS 466.005.
- c. The facility complies with DEQ statutes and rules, and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

Intel TC-4006  
November 26, 1993

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$379,973, 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. T-4006.

Gary Calaba:gjc  
TC4006  
(503) 229-6534  
November 26, 1993

**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

Environmental Quality Commission  
811 S.W. Sixth Avenue  
Portland, Oregon 97204

At your request, we have performed certain agreed-upon procedures with respect to Intel Corporation's (the Company's) Pollution Control Tax Credit Application No. 4006 (the Application) filed with the State of Oregon, Department of Environmental Quality (DEQ) for the Hazardous/Solid Waste Pollution Control Facility in Aloha, Oregon (the Facility). The Application has a claimed Facility cost of \$537,085. Our procedures, findings and conclusion are as follows:

Procedures:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits – Sections 468.150 through 468.190 (the Statutes), and the Oregon Administrative Rules on Pollution Control Tax Credits – Sections 340-16-005 through 340-16-050 (OAR's).
2. We reviewed certain documents which support the Application.
3. We discussed the Application, the Statutes and OAR's with certain DEQ personnel, including Charles Bianchi and Gary Calaba.
4. We discussed certain components of the Application with numerous Company personnel, including the following:
  - Rick Comeau
  - John Arand
  - Bonnie Brady
  - Bill Crutch
5. We reviewed certain workpapers of the Company's certified public accountants that related to the Facility.
6. We discussed selected components of the Application with William Lewis and Carl Garrison, employees of Hoffman Construction Company of Oregon, the general contractor for the Facility.



**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

7. We toured the Facility with Mr. Arand.
8. We requested that Company personnel confirm the following:
  - a) There were no related parties or affiliates of the Company which had billings which were included in the Application.
  - b) Separate codes were not utilized to account for the costs of the Facility and, therefore, an allocation methodology was the only feasible means of estimating the allowable costs.

Findings:

1. through 7.

No matters came to our attention that caused us to believe that the claimed Facility costs should be adjusted, except as follows:

- \$367,918 of acceleration costs that were classified as partially eligible should be classified as indirect costs.
- The following indirect costs should be excluded from the indirect cost allocation, as they are not incremental costs associated with the Facility.

QA/QC process piping	\$ 187,284
High Purity consulting	90,332
Site security	17,828
Move-in costs	35,283
AT-1 move-in expense	179,323
Landscaping/kitchen IDC	<u>131,600</u>
	<u>\$ 641,650</u>

The net effect of the items noted above on the cost allocation methodology used in the Application (in addition to certain items identified by the DEQ) decreases the allowable costs by \$157,112. As a result, the allowable costs for the Application should be decreased to \$379,973.

8. Company personnel confirmed in writing that such assertions were true and correct.

**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

**Conclusion:**

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the claimed Facility costs should be adjusted, except as noted above. Had we performed additional procedures or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company, taken as a whole.

This report is solely for the use of the State of Oregon Environmental Quality Commission and Department of Environmental Quality in evaluating the Company's Pollution Control Tax Credit Application No. 4006 with respect to its Hazardous/Solid Waste Pollution Control Facility in Aloha, Oregon and should not be used for any other purpose.

*Symonds, Evans & Larson*

November 22, 1993

State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

---

1. Applicant

Intel Corporation  
(Oregon Site)  
3065 Bowers Avenue  
Santa Clara, CA 95051

The applicant owns and operates a microcomputer chip manufacturing facility in Aloha, Oregon.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

The claimed facility generally consists of portions of a new manufacturing facility (referred to as D1A) that are used for water pollution control. The first portion of the claimed facility is an industrial wastewater pretreatment system. The purpose of this portion of the facility is to pretreat corrosive waste waters prior to discharge to the municipal sewerage system. This system consists of several tanks used to collect, mix and neutralize acidic and basic wastewater, plus chemical storage tanks and the associated piping, pumps, valves and control systems.

The second portion of the claimed facility consists of exterior portions of the D1A building where chemical handling and storage occurs. The chemical storage area was constructed with a roof and spill containment to prevent contamination of storm water runoff, and to contain spills that may occur in the storage area. Chemical receiving and shipping areas have roofs, and loading ramps are sloped to contain spillage that may occur during chemical and/or hazardous waste transfers, again to prevent contamination of stormwater runoff.

The claimed water pollution control facility was inspected by Department staff on March 17, 1993. The claimed facility cost has been adjusted by the Department, as described in section 4(b)(5) of this report.

Claimed Facility Cost: \$3,312,720 (adjusted)  
(Accountant's Certification was provided).

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met statutory deadline in that construction of the facility was substantially completed in August, 1992, and the application for certification was found to be complete on November 8, 1993, within 2 years of substantial completion of the facility.

4. Evaluation of Application

a. The facility is eligible because the sole purpose of the facility

is to prevent and/or control a substantial quantity of water pollution. This prevention and/or control is accomplished by design to eliminate stormwater contamination and the use of treatment works for industrial waste as defined in ORS 468.700.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

The claimed facility does not generate any income, hence the annual return on investment is zero. The Department has also determined that the claimed facility is not integral to the applicant's manufacturing process and therefore is not subject to rules regarding integral facilities.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

There are no known alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings or increase in costs as a result of the facility modification.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

- a) The claimed facility consists of portions of the new D1A manufacturing facility, being those portions that are dedicated to control of water pollution. However, the entire D1A facility, including all pollution controls, was constructed as a whole. Costs for the new facility were tracked in 16 broad categories, such as Mechanical, Electrical, Site Work, Fit-Up, etc. Each of these categories included a number of line items, such as "Wiring" in the Electrical category. The costs for pollution controls were not tracked separately, but are included in the costs of each applicable category. For example, the pollution control facilities required electrical wiring, but the wiring for the pollution controls is not directly identified; there is only one Wiring line item for the entire facility. Only a few line items for pollution control equipment can be directly identified, these being three major mechanical components of the Acid Waste Neutralization (AWN)

system, plus the AWN and solvent pit coatings.

Other costs that are a normal part of the construction of pollution control facilities, and which are allocable to pollution control, must be estimated. The estimate must be used to determine what portion, or increment, of each cost category is allocable to pollution control. The applicant requested that other incremental costs be estimated by calculating the fraction of the total Mechanical costs that is attributable to the directly identifiable mechanical pollution control costs, and then taking that fraction of the overall facility cost as the incremental cost allocable to pollution control.

The Department agreed in principle to this approach, but the approach was revised somewhat so as to provide a more representative calculation of incremental costs allocable to pollution control. This approach also eliminated from consideration those cost categories that would normally not be eligible. As an example, in determining the fraction of Mechanical costs represented by the pollution control equipment, the Department felt that other items not in the Mechanical cost category were, in fact, "mechanical" in nature and should be included in the overall Mechanical costs. The approach taken to determine the total eligible cost is described below:

1. Line item costs that are directly eligible were identified, and their costs were included at full value.

2. Portions of the Site Work, Building Shell, Mechanical, Electrical and Acceleration categories were found to be incrementally eligible. The eligible portions were calculated by first determining the fraction of the total mechanical cost represented by the directly identifiable eligible mechanical costs. The eligible line items in the Site Work, Building Shell, Mechanical, Electrical and Acceleration categories were then summed and multiplied by that fraction to determine the eligible amount.

The total mechanical costs included all of the Mechanical cost category, plus portions of the Process Modules and Fit-Up categories.

3. Eligible indirect (overhead) costs were determined by first calculating the fraction of the total project cost represented by the Indirect cost category. The directly identified eligible Mechanical costs were then multiplied by this fraction to determine the eligible portion of the indirect costs.

The total project cost was determined by summing cost categories 01 through 09, and 11.

4. The total eligible cost was determined by summing the eligible direct costs, the incrementally eligible costs, and the eligible indirect costs (as determined in 1, 2 and 3, above).

ELIGIBLE COST CALCULATIONS

1. Directly eligible costs

(05) Mechanical - Awn components Line items 570, 574, 576	1,251,643
(02) Site Work Line item 290 (less 73,494 in directly eligible air pollution control costs)	337,751

2. Incrementally eligible costs

Portions of the Site Work, Building Shell, Mechanical and Electrical categories are eligible in the ratio of the Awn mechanical costs with respect to the overall mechanical costs.

AWN mechanical costs	1,251,643
Overall mechanical costs	
(01) Process modules Line items 100, 130, 200, 210	7,537,496
(05) Mechanical All line items	28,799,099
(08) Fit-up Line items 120, 301, 410, 510, 520, 530, 560, 750	<u>2,259,227</u>
Overall mechanical costs	38,595,822

Eligible fraction of mechanical =  
 $1,251,643 / 38,595,822 = 0.0324$

Eligible portions of Site Work, Building Shell, Mechanical, and Electrical

(02) Site Work Line item 020	656,106
(03) Building Shell Line items 220-702, 704, 740-952, plus adjusted amt. for 703, 705, 706	25,390,072
(05) Mechanical Line items 260, 261, 270, 400	3,924,333
(06) Electrical Line items 201, 210, 211, 300, 420, 879	<u>6,369,967</u>
Total	36,340,478

Eligible portions of Site Work, Building Shell,  
Electrical, Acceleration  $0.0324 \times 36,340,478 =$  1,177,431

3. Eligible Indirect Cost Calculation

A portion of the Directly Eligible and Incrementally Eligible costs are eligible for indirect costs, in the ratio of the Indirect and Acceleration categories (10 and 12) with respect to the Total Project Cost (categories 01-09, and 11).

(10) Indirect (less 641,650 in ineligible costs identified in accountant's review)	18,053,148
(12) Acceleration	<u>367,918</u>
	18,421,066

Total Project Cost  
Categories (01 - 09, 11) 93,352,278

Indirect fraction of total project cost  
 $18,421,066 / 93,352,278 = 0.1973$

Directly Eligible Costs (from 1, above)	1,251,643
	337,751
Incrementally Eligible Costs (from 2, above)	<u>1,177,431</u>
	2,766,825

Eligible Indirect Costs  $0.1973 \times 2,766,825 =$  545,895

**TOTAL ELIGIBLE COSTS** 3,312,720

b) The Environmental Quality Commission has directed that tax credit applications at or above \$250,000 go through an additional departmental accounting review to determine if costs were properly allocated. This review was performed under contract with the Department by the accounting firm of Symonds, Evans and Larson.

The cost allocation review of this application identified several indirect costs that should be excluded from the indirect cost allocation, as they are not incremental costs associated with the claimed facility. These costs totaled \$641,650, and were excluded from the Eligible Indirect Cost Calculation, in section 4(b)(5) of this report, above.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the sole purpose of the facility is to prevent and/or control a substantial quantity of water pollution. This prevention and/or control is accomplished by design to eliminate stormwater contamination and the use of treatment works for industrial waste as defined in ORS 468.700.
- c. The facility complies with DEQ statutes, rules and permit conditions.
- d. An independent accounting firm under contract with the Department has concluded that no further review procedures be performed on T-4007 (see attached review report).
- e. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$3,312,720 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. T-4007.

(George F. Davis):(GFD)  
(T-4007)  
(503) (229-6385 x 242)  
(November 23, 1993)



**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

Environmental Quality Commission  
811 S.W. Sixth Avenue  
Portland, Oregon 97204

At your request, we have performed certain agreed-upon procedures with respect to Intel Corporation's (the Company's) Pollution Control Tax Credit Application No. 4007 (the Application) filed with the State of Oregon, Department of Environmental Quality (DEQ) for the Water Pollution Control Facility in Aloha, Oregon (the Facility). The Application has a claimed Facility cost of \$3,967,971. Our procedures, findings and conclusion are as follows:

Procedures:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits – Sections 468.150 through 468.190 (the Statutes), and the Oregon Administrative Rules on Pollution Control Tax Credits – Sections 340-16-005 through 340-16-050 (OAR's).
2. We reviewed certain documents which support the Application.
3. We discussed the Application, the Statutes and OAR's with certain DEQ personnel, including Charles Bianchi and George Davis.
4. We discussed certain components of the Application with numerous Company personnel, including the following:
  - Rick Comeau
  - John Arand
  - Bonnie Brady
  - Bill Crutch
5. We reviewed certain workpapers of the Company's certified public accountants that related to the Facility.
6. We discussed selected components of the Application with William Lewis and Carl Garrison, employees of Hoffman Construction Company of Oregon, the general contractor for the Facility.

# SYMONDS, EVANS & LARSON

CERTIFIED PUBLIC ACCOUNTANTS

7. We toured the Facility with Mr. Arand.
8. We requested that Company personnel confirm the following:
  - a) There were no related parties or affiliates of the Company which had billings which were included in the Application.
  - b) Separate codes were not utilized to account for the costs of the Facility and, therefore, an allocation methodology was the only feasible means of estimating the allowable costs.

## Findings:

1. through 7.

No matters came to our attention that caused us to believe that the claimed Facility costs should be adjusted, except as follows:

- \$367,918 of acceleration costs that were classified as partially eligible should be classified as indirect costs.
- The following indirect costs should be excluded from the indirect cost allocation, as they are not incremental costs associated with the Facility.

QA/QC process piping	\$ 187,284
High Purity consulting	90,332
Site security	17,828
Move-in costs	35,283
AT-1 move-in expense	179,323
Landscaping/kitchen IDC	<u>131,600</u>
	<u>\$ 641,650</u>

The net effect of the items noted above on the cost allocation methodology used in the Application (in addition to certain items identified by the DEQ) decreases the allowable costs by \$655,251. As a result, the allowable costs for the Application should be decreased to \$3,312,720.

8. Company personnel confirmed in writing that such assertions were true and correct.

**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

Conclusion:

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the claimed Facility costs should be adjusted, except as noted above. Had we performed additional procedures or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company, taken as a whole.

This report is solely for the use of the State of Oregon Environmental Quality Commission and Department of Environmental Quality in evaluating the Company's Pollution Control Tax Credit Application No. 4007 with respect to its Water Pollution Control Facility in Aloha, Oregon and should not be used for any other purpose.

*Symonds, Evans & Larson*

November 22, 1993

Intel Request for Certification  
 Tax Credit applications 3993, 4006 & 4007  
 Table of Consolidated Claimed and Eligible Costs

	Claimed Costs	Allocable Costs
Direct equipment, : mechanical & other costs	\$ 3,484,380	\$ 3,971,915
Estimated Costs:	7,631,366	4,655,656
Support Costs:		
Site Work	(569,479)	(149,005)
Building Shell	(3,248,807)	(2,077,364)
Electrical	(1,075,519)	(678,098)
Mechanical	0	(329,473)
Indirect costs	(2,257,050)	(1,421,716)
Acceleration	(45,254)	*
Ineligible Costs:	(435,257)**	0
Total Costs:	\$ 11,115,746	\$ 8,627,571

\* The allocable portion of these costs are included in the total indirect cost figure (above).

\*\* Includes ineligible capitalized interest and CPA review costs.

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Rosboro Lumber Company  
P.O. Box 20  
Springfield, OR 97477

The applicant owns and operates Sawmill and Plywood Manufacturing Plant in Springfield, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility controls the emission of ash to the atmosphere of the applicants #2 and #3 hogged fuel boilers. The facility consists of two Breslove Fly Ash Collectors and support equipment and structures.

Claimed Facility Cost: \$418,141.14

A distinct portion of the facility makes an insignificant contribution to the principal purpose of pollution control. The applicant claimed \$17,530.44 for equipment and work unrelated to pollution control.

Adjusted facility cost: \$400,610.70

Accountant's Certification was provided.

The applicant indicated the useful life of the facility is ten years.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Installation of the facility was substantially completed on November 30, 1992 and placed into operation on June 1, 1993. The application for final certification was received by the Department on March 17, 1993. The application was found to be complete on October 28, 1993, within two years of substantial completion of the

facility.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by Lane Regional Air Pollution Authority control air pollution. This is in accordance with LRAPA Title 32, section 32-055, Particulate Matter Size Standards. The Air Contaminant Discharge Permit (ACDP) for this source, 20-7050, condition 8 requires the permittee to prevent the emission of particulate matter which is greater than 250 microns in size if such particulate matter does or will deposit upon the real property of another person. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The claimed facility controls the atmospheric emissions of particulate from the applicants number two and three wood fired boilers. The facility consists of two Breslove Regenerative Fly Ash Collectors, two 75 horsepower fans, two Bailey controllers, ducting, and support structures. On December 11, 1990 LRAPA requested that Rosboro Lumber develop a plan to eliminate oversize particulate emissions from the wood fired boilers. LRAPA has reviewed source tests conducted in 1993 and determined the number 2 and 3 boilers are operating in compliance with the Rosboro Lumber's ACDP.

The boilers are controlled by separate fly ash collectors. Exhaust gasses emitted by the boilers are pulled through the fly ash collectors by the system fans. The collector utilizes centrifugal force to remove particulate in the gas stream. The centrifugal force is generated by rotating the exhaust gas stream at a high velocity. The rotation of the exhaust stream is established as it enters the collector through angled blades. The velocity of the exhaust stream is increased by decreasing the diameter of the tube it flows through. The resulting centrifugal force throws the particulate in the exhaust stream against the wall of the tube. The next section of the collector widens and particulate is thrown to the outer wall. The rotating particulate is caught by the hopper and

collected. The exhaust gases are pulled through this section into the deceleration section of the collector by the fan. The filtered exhaust stream is passed through the fan into the stack and then emitted to the atmosphere.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

The applicant indicates in the application there is no income or savings from the facility, so there is no return on the investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has chosen an atypical method to for controlling emissions of particulate matter greater than 250 microns in diameter. The claimed facility achieves satisfactory control levels. The cost of the claimed facility is equal or less to other options available.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There is no savings from the facility. The cost of maintaining and operating the facility is \$13,895.00 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air

pollution.

The Environmental Quality Commission has directed that tax credit applications at or above \$250,000 go through an additional Departmental accounting review, to determine if costs were properly allocated. This review was performed under contract with the Department by the accounting firm of Coopers & Lybrand (see attached report).

The cost allocation review of this application has identified no issues to be resolved and confirms the cost allocation as submitted in the application.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by LRAPA to control air pollution.
- c. The facility complies with DEQ statutes, rules, and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$400,611.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4017.

BKF:  
MISC\AH72917  
November 3, 1993



September 27, 1993

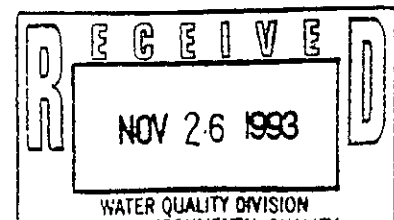
Oregon Department of Environmental Quality  
811 S. W. Sixth Avenue  
Portland Oregon 97204

At your request, we have performed certain agreed upon procedures with respect to Rosboro Lumber Company's (the Company) Pollution Tax Control Credit Application No. 4017, regarding the Rosboro Lumber Air Pollution Control System in Lane County, Oregon (the Facility). The aggregate claimed Facility costs on the Application were \$418,141. The following agreed upon procedures and related findings are as follows:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits - Sections 469.150 -468.190 ( the Statutes) and the Oregon Administrative Rules on Pollution Control Tax Credits - Sections 340-16-005 through 340-16-050 (OAR'S).
2. We discussed the Application and Statues with Charles Bianchi and Brian Fields of the Oregon Department of Environmental Quality (DEQ).
3. We discussed the Application and Statutes with Donald Hawkins, Assistant Controller of the Company.
4. We inquired as to whether there were any direct or indirect Company costs charged to the Facility costs claimed in the Application. We were informed that no such costs were charged.

Based on our review of supporting documentation discussed in item no. 5 below, these direct Company costs appear to be strictly related to the pollution control project.

5. We reviewed supporting documentation for 85% of the amount claimed on the Application through review of vendor invoices. All costs which we reviewed supporting the Application appeared to be from third party vendors.
6. We discussed with Donald Hawkins, Assistant Controller for the Company, the extent to which non-allowable costs were excluded from the Application. This was accomplished by reviewing specific contractor invoices (see item no. 5) with Mr. Hawkins. We determined that the Company has properly excluded from the Application costs for items making an insignificant contribution to pollution control. Accordingly, the Facility costs claimed on the Application should have been \$400,610 instead of \$418,141.



Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the Application should be adjusted except for the \$17,531 of costs as noted in item No. 6 above. Had we performed additional procedures, or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company taken as a whole.

This report is solely for the State of Oregon Department of Environmental Quality in the evaluating the Company's Pollution Control Tax Credit Application and should not be used for any other purpose.

Portland, Oregon  
November 22, 1993

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State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Boise Cascade Corporation  
Paper Group  
One Jefferson Square  
Boise, Idaho 83728

The applicant owns and operates a kraft pulp and paper mill in St. Helens, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility reduces emissions of Total Reduced Sulfur (TRS) to the atmosphere through modifications of the black liquor evaporators. The facility consists of piping, pumps, tanks, a heat exchanger, and control instruments.

Claimed Facility Cost: \$648,941.00

The accounting review contracted by the Department determined the applicant had not included \$25,684 of costs which were allocable to the pollution control project.

Adjusted facility costs: \$674,625.00

Accountant's Certification was provided.

The applicant indicated the useful life of the facility is twenty years.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Installation of the facility was substantially completed on December 16, 1992 and placed into operation on December 16, 1992. The application for final certification was received by the Department on April 29,

1992. The application was found to be complete on August 12, 1993 within two years of substantial completion of the facility.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department that the emissions of Total Reduced Sulfur (TRS) from "other sources" shall not exceed 0.078 kg/ADMT. This is in accordance with OAR Chapter 340, Division 25, rule 165. The air contaminant Discharge Permit for this source, 05-1849, conditions 9 and 17 require the permittee to control "other sources of TRS. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The claimed facility reduces emissions of Total Reduced Sulphur (TRS) from "other sources" at the mill site. "Other Sources" is defined in OAR 340-25-150 as sources of TRS emissions in a kraft mill other than recovery furnaces and lime kilns. The emission reduction has been accomplished by lowering the concentration of reduced sulfur compounds in the wash water used in the brown stock (raw pulp) washing process. This wash water is obtained from the black liquor evaporation process. The facility is a modification of the applicant's two black liquor evaporators. The reclaimed water with the highest concentrations of reduced sulfur compounds (foul condensate) has been separated from the reclaimed water used to wash the brown stock. The facility consists of pumps, piping, tanks, a heat exchanger, and control instrumentation. Source tests indicate miscellaneous TRS emitted to the atmosphere has reduced from 0.098 Kg/ADMT to 0.0392 kg/ADMT.

The black liquor is evaporated through a five step process by a series of evaporators called effects. Steam is introduced at the first effect and circulates toward the fifth effect. The black liquor is introduced at the fifth effect and circulates toward the first effect. The fifth effect condensate has the highest sulfidity because the volatile sulfur compounds in the black liquor evaporate readily. As result, most evaporate in the

fifth effect. The applicant separates the foul condensate by isolating the foul condensate of the fifth effect from weak condensate of the other four effects. New piping was installed to segregate foul from weak condensate.

The vapor from the fifth effect is vented to a surface condenser where it is condensed. This foul condensate is then collected in two new tanks. It is transferred through new piping by condensate transfer pumps to a new heat exchanger. The heat exchanger recaptures heat energy present in the foul condensate for use in the paper mill. A new demineralized water transfer pump circulates demineralized water through the heat exchanger to absorb the heat energy in the foul condensate. The foul condensate is then transferred to the St. Helens Combined Municipal and Bleached Kraft Mill Secondary Treatment Plant. Department staff indicate the treatment plant has had no violations due to foul condensate being delivered directly to the treatment plant.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility recaptures a portion of the heat energy contained in the foul condensate with a heat exchanger prior to discharge to the water treatment plant. However prior to installation of the facility all of this heat energy remained in the manufacturing process. The net result is a loss of heat energy.

- 2) The estimated annual percent return on the investment in the facility.

There is no income or savings from the facility, so there is no return on the investment.

- 3) The alternative methods, equipment, and costs for achieving the same pollution control objective.

Pollution prevention is a technically accepted approach for controlling atmospheric emissions.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings from the facility. The cost of maintaining and operating the facility is \$341,153 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

The Environmental Quality Commission has directed that tax credit applications at or above \$250,000 go through an additional Departmental accounting review, to determine if costs were properly allocated. This review was performed under contract with the Department by the accounting firm of Coopers & Lybrand (see attached report).

Other than the additional allocable costs referenced in section 2, the cost allocation review of this application has identified no issues to be resolved and confirms the cost allocation as submitted in the application.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department control air pollution.

- c. The facility complies with DEQ statutes, rules, and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$674,625.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. T-4051.

BKF  
MISC\AH72918  
October 15, 1993

Oregon Department of Environmental Quality  
811 S. W. Sixth Avenue  
Portland Oregon 97204

At your request, we have performed certain agreed upon procedures with respect to Boise Cascade Corporation's (the Company) Pollution Tax Control Credit Application No. 4051, regarding the Total Reduced Sulfur Black Liquor Evaporators in Columbia County, Oregon (the Facility). The aggregate claimed Facility costs on the Application were \$648,941. The following agreed upon procedures and related findings are as follows:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits - Sections 469.150 -468.190 ( the Statutes) and the Oregon Administrative Rules on Pollution Control Tax Credits - Sections 340-16-005 through 340-16-050 (OAR'S).
2. We discussed the Application and Statues with Charles Bianchi and Brian Fields of the Oregon Department of Environmental Quality (DEQ).
3. We discussed the Application and Statutes with Richard Garber, Environmental Engineer of the Company.
4. We inquired as to whether there were any direct or indirect Company costs charged to the Facility costs claimed in the Application. We were informed that \$17,520 of engineering and administrative costs were included in the Application.

Based on our review of supporting documentation discussed in item no. 5 below, these direct Company costs appear to be strictly related to the pollution control project.

5. We reviewed supporting documentation for 91% of the amount claimed on the Application through review of vendor invoices. All costs which we reviewed supporting the Application appeared to be from third party vendors.
6. We discussed with Richard Garber, Environmental Engineer for the Company, the extent to which non-allowable costs were excluded from the Application. This was accomplished by reviewing specific contractor invoices (see item no. 5) with Mr. Garber. We determined that the Company has properly excluded all non-allowable costs from the Application.

Our discussion with Richard Garber, Environmental Engineer, indicated that the Company had incurred additional project costs since the date of the application. The additional costs incurred, by cost component are listed below.



Oregon Department of Environmental Quality  
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	<u>Cost Per Application</u>	<u>Additional Costs Incurred and Adjustment</u>	<u>Revised Total Facility Cost</u>
Structural	\$ 4,950	\$ 2,846	\$ 7,796
Equipment (Heat Exchanger, Pumps)	69,286	1,587	70,873
Pipe	270,468	235	270,703
Instrumentation	46,295	214	46,509
Electricalation	64,539	(2,157)	62,382
Programming, Controls	13,895	21,205	35,100
Stores Issue	6,141	587	6,728
Operator Training	11,348	100	11,448
Preliminary Engineering	70,861	-	70,861
Engineering Consultant	73,706	-	73,706
Mill Engineering	13,475	560	14,035
Administrative Charges	3,035	450	3,485
Freight	<u>942</u>	<u>57</u>	<u>999</u>
Total Project Cost	<u>\$648,941</u>	<u>\$25,684</u>	<u>\$674,625</u>

We have examined supporting documentation for \$24,039 of the \$25,684 in additional costs incurred for this project. These additional costs appear to be directly related to the Facility.

Oregon Department of Environmental Quality  
Page Three

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the Application should be adjusted. The Company incurred \$25,684 of additional eligible costs directly related to the Facility which were not included in the Pollution Tax Control Credit Application No. 4051, as noted in item No. 6 above. Had we performed additional procedures, or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company taken as a whole.

This report is solely for the State of Oregon Department of Environmental Quality in the evaluating the Company's Pollution Control Tax Credit Application and should not be used for any other purpose.

*Cogus & Lybrand*

Portland, Oregon  
November 12, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

---

1. Applicant

Timber Products Co.  
White City Plywood Division  
PO Box 1669  
Medford OR 97501

The applicant owns and operates a hardwood plywood mill in White City, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facilities control the emissions of two veneer dryers and the plywood process' waste transport system. The facilities consist of an Electrified Filter Bed (EFB) HFC 50 electrostatic precipitator, a Clarke baghouse, and support equipment.

Claimed Facility Cost: \$697,759.00

The claimed facility replaces a previously certified pollution control facility. On June 20, 1980, Pollution Control Facility Certificate No. 1090 was issued to Timber Products Company for \$222,050.00. The facility consisted of two Burley scrubbers and water treatment system to control the emissions from two veneer dryers. The claimed facility replaces the scrubbers and utilizes the water treatment system. In accordance with OAR 340-16-025 (g), the applicant is eligible for the difference between the like-for-like replacement costs of the original facility and the new facility. The Department estimated and the applicant concurred it would cost \$242,480.00 to replace the original facility. This estimate does not include the cost of replacing the water treatment system since it is utilized in the claimed facility.

A distinct portion of the facility makes an insignificant contribution to the principal purpose of pollution control. The applicant claimed \$7,444.14 for equipment installed on their veneer dryers and \$6,275.00 for engineering work unrelated to pollution control.

Like for Like Replacement Costs:	\$242,480.00
Ineligible costs:	\$13,719.14

Adjusted Facility Cost: \$441,559.86

Accountant's Certification was provided.

The applicant indicated the useful life of the facility is ten years.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The electrostatic precipitator meets all statutory deadlines in that:

Installation of the EFB was substantially completed on August 2, 1991 and it was placed into operation on August 2, 1991. The application for final certification was received by the Department on May 14, 1993. This portion of the application was found to be complete on July 22, 1993, within two years of substantial completion of the facility.

The Clarke Baghouse met all statutory deadlines in that:

Installation of the facility was substantially completed on January 30, 1993 and placed into operation on January 30, 1993. The application for final certification was received by the Department on May 14, 1993. This portion of the application was found to be complete on August 26, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

a. Rationale For Eligibility

The EFB electrostatic precipitator is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution. The Air contaminant Discharge Permit for this source, 15-0040 requires the permittee to control the atmospheric emissions of all veneer dryers. This is in accordance with OAR Chapter 340, Division 30, rule 021. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The facility consists of an Electrified Filter Bed (EFB) electrostatic precipitator and associated support equipment. Installation of the facility required ducting, structural support, electrical materials, a foundation, a fire suppression system, and contract labor. The claimed facility controls particulate emissions to the atmosphere of the applicant's three plywood veneer dryers. The emissions consist of hydrocarbons vaporized in the veneer drying process. The vaporized hydrocarbons condense into liquid particulate when exposed to ambient conditions in the atmosphere. After the installation of the EFB, the applicant performed compliance demonstration tests for all three veneer dryers on October 6, 1992 and June 4, 1993. The Department reviewed the tests and acknowledged the compliance status of the veneer dryers.

The veneer dryer exhaust is drawn through ducting by a 75 horse power fan located between the EFB and the exhaust stack. The ducting routes the exhaust gas stream into an evaporative cooler where the hydrocarbons are cooled and condense into a suspended liquid particulate. The exhaust gas stream then passes through negatively charged electrodes. The electrodes generate ions which impart a negative charge to the particulate. The exhaust gas stream is then drawn into the positively charged filter bed. The particulate is attracted to the positively charged areas of the filter bed causing the particulate to accumulate and drop out of the exhaust stream. The filtered exhaust stream is then drawn into the stack and

vented to the atmosphere. The collected particulate seeps down through the bed and drains out of the EFB.

The Clarke baghouse is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution. The Air contaminant Discharge Permit for this source, 15-0040, requires the permittee to control emissions of particulate to the atmosphere. This is in accordance with OAR Chapter 340, Division 30, rule 25. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The claimed facility reduces particulate emissions from the pneumatic waste transport system of the applicant's plywood manufacturing operation. Prior to installation of the facility, the applicant used three pneumatic transport systems to collect wood waste in three uncontrolled cyclones. Condition 16 of the applicants Air Contaminant Discharge Permit required the applicant to demonstrate the particulate emissions of all three cyclones were under 7.2 tons per year by July 1, 1993. The applicant chose to meet this requirement by controlling the cyclone emissions with a baghouse. Installation of the baghouse required modification of the existing pneumatic transport system. This was necessary join the three collection systems into one and balance the static pressure throughout the system. Site inspections have noted the facility to be operating within compliance.

The claimed facility consists of a Model 60-20 Clarke baghouse, modifications to the applicants existing pneumatic conveyance system, and support equipment. Installation of the new baghouse required a support structure, a fire suppression system, a foundation, electrical and mechanical materials and labor. Installation of the pneumatic conveyance system required ducting, structural materials, a fan and motor, a foundation, electrical materials, and contract labor. A main duct was installed which connects individual sources of wood waste generated by the plywood manufacturing area. Most of the original ducting connected to the process equipment was replaced.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

A portion of the waste product is converted into a usable commodity consisting of sander dust used for boiler fuel. The average annual value of this fuel is estimated by the Department to be \$3,822.00. The EFB does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

The Department has determined the annual operating expenses exceed income from the facility, so there is no return on the investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Electrostatic precipitators are technically recognized as an acceptable method for controlling the emissions of particulate from veneer dryers in PM10 Non-Attainment Areas. Baghouses are technically recognized as an acceptable method for controlling the emissions of particulate from wood waste pneumatic transport systems.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The increase in annual operating cost of the facility is \$5,363.00. There is a savings of \$33,375.00 in maintenance and operating cost of the EFB compared to the previous scrubber system. However the cost of maintaining and operating the Clarke baghouse and modified pneumatic transport system has increased \$38,738 compared to the pneumatic transport system it replaced.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control, or reduction of air pollution.

The eligible facility costs have been determined to be \$441,559.86 after adjusting for a distinct portion of the facility which is not eligible for tax credit certification. This is discussed in section 2 of this report.

The Environmental Quality Commission has directed that tax credit applications at or above \$250,000 go through an additional Departmental accounting review, to determine if costs were properly allocated. This review was performed under contract with the Department by the accounting firm of Symonds, Evans & Larson (see attached report).

Other than the adjustments to the claimed facility cost made by the Department referenced in section 2, the cost allocation review of this application has identified no issues to be resolved and confirms the cost allocation as submitted in the application.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to reduce air pollution.
- c. The facility complies with DEQ statutes, rules, and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$441,560.00 with 100% allocated to pollution control be issued for the facility claimed in Tax Credit Application No. TC-4083.

BKF  
MISC\AH72919  
September 13, 1993

**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

Environmental Quality Commission  
811 S.W. Sixth Avenue  
Portland, Oregon 97204

At your request, we have performed certain agreed-upon procedures with respect to Timber Products Company's (the Company's) Pollution Control Tax Credit Application No. 4083 (the Application) filed with the State of Oregon, Department of Environmental Quality (DEQ) for the Air Pollution Control Facility in White City, Oregon (the Facility). The Application has a claimed Facility cost of \$441,560 (as amended by the DEQ). Our procedures, findings and conclusion are as follows:

Procedures:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits – Sections 468.150 through 468.190 (the Statutes), and the Oregon Administrative Rules on Pollution Control Tax Credits – Sections 340-16-005 through 340-16-050 (OAR's).
2. We reviewed certain documents which support the Application.
3. We discussed the Application, the Statutes and OAR's with certain DEQ personnel, including Charles Bianchi and Brian Fields.
4. We discussed certain components of the Application with numerous Company personnel including the following:
  - Gary Korepta
  - Gary DelGrande
  - Terri Haydukiwecz
5. We toured the Facility with Mr. Korepta.
6. We requested that Company personnel confirm the following:
  - a) There were no related parties or affiliates of the Company which had billings which were included in the Application.



**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

- b) All costs included in the Application related directly to the construction of the Facility and were not related to maintenance and repairs.
- c) The remaining salvage value (net of any removal and selling costs) of prior equipment that is no longer being used in the Facility is estimated to be less than \$1,000.
- d) All amounts included in the Application relate directly to pollution control, and none of the amounts included in the Application relate to costs that would have been incurred by the Company to upgrade/maintain the Facility in the normal course of business.
- e) The Application does not include any costs related to the environmental remediation of the Facility.
- f) The allocation of 63% of the costs related to the equipment purchased at the KOGAP auction is appropriate for the White City plant.

Findings:

1. through 5.

No matters came to our attention that caused us to believe that the amended claimed Facility costs should be adjusted.

6. Company personnel confirmed in writing that such assertions were true and correct.

Conclusion:

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the amended claimed Facility costs should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company, taken as a whole.

This report is solely for the use of the State of Oregon Environmental Quality Commission and Department of Environmental Quality in evaluating the Company's Pollution Control Tax Credit Application No. 4083 with respect to its Air Pollution Control Facility in White City, Oregon and should not be used for any other purpose.

*Symonds, Evans & Larson*

November 15, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Smurfit Newsprint Corporation  
Newsprint  
427 Main Street  
Oregon City, Oregon 97045

The applicant owns and operates a newsprint paper mill in Newberg, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility controls the particulate emissions of the applicant's hog fuel boiler. The facility consists of a Cottrell electrostatic precipitator and support equipment.

Claimed Facility Cost: \$3,688,795.00

The accounting review contracted by the Department determined the applicant had not properly excluded \$20,041 of costs from the application which were not directly related to the pollution control project.

Adjusted facility costs: \$3,668,754.00

Accountant's Certification was provided.

The applicant indicated the useful life of the facility is 23 years.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Installation of the facility was substantially completed on June 30, 1991 and placed into operation on July 1, 1991. The applicant requested an extension in filing on June 3, 1993. The extension request was granted by the Commission on July 23, 1993. The application for final

certification was received by the Department on June 25, 1993. The application was found to be complete on October 22, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution. This is in accordance with OAR Chapter 340, Division 28 rule 1940. The air contaminant Discharge Permit for this source, 36-6142, condition 4 requires the permittee to control the particulate emissions of the No. 10 boiler. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The claimed facility controls the particulate emissions of the applicant's No. 10 boiler. The facility consists of a Cottrell electrostatic precipitator, ducting, control equipment, electrical wiring, a foundation, and support structures. Prior to installation of the facility the No. 10 boiler was controlled by a water scrubber. The scrubber emitted sooty water droplets which caused nuisance conditions in the immediate vicinity. The installation of the electrostatic precipitator has eliminated the discharge of sooty water droplets and has reduced the atmospheric emissions of particulate by 90%. Source tests and inspections conducted in 1991 and 1992 have shown the No. 10 boiler to be operating in compliance.

The combustion process of the No. 10 boiler generates ash. The boiler ID fan discharges the ash into the electrostatic precipitator through exhaust ducting. The precipitator channels the exhaust gas stream into thirty five passages. Each passage consists of four sections, nine feet in length, with separately charged electric fields. Each section consists of negatively charged discharge electrodes which hang between positively charged collector plates. The exhaust gas path passes through the field established between the opposite electric potentials and receives a negative charge. The ash in the exhaust stream is attracted to the positively charged plates where it collects. The ash is dislodged from the plates by periodic vibrations

from rappers and falls into two bins located beneath the precipitator. The ash is disposed of in a landfill.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

The average annual cash flow is \$56,320.00 which results from the value of operational savings. Dividing the average annual cash flow into the cost of the facility gives a return on investment factor of 65. Using Table 1 of OAR 340-16-30 for a useful life of 23 years gives an annual return on investment of 0%. As result, the percent allocable is 100%.

- 3) The alternative methods, equipment, and costs for achieving the same pollution control objective.

The applicant indicated that baghouse technology was considered as an alternative. That option was not chosen due to fire hazards and higher operational costs.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant indicated an overall operational savings of \$56,320.00 per year. The precipitator realizes a savings of \$149,020 per year due to reduced water, sewage and electricity costs. This savings is offset by an operational cost increase of \$92,700 per year due to increased disposal costs of ash collected by the precipitator.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

The Environmental Quality Commission has directed that tax credit applications at or above \$250,000 go through an additional Departmental accounting review, to determine if costs were properly allocated. This review was performed under contract with the Department by the accounting firm of Coopers & Lybrand (see attached report).

Other than the non allocable costs referenced in section 2, the cost allocation review of this application has identified no issues to be resolved and confirms the cost allocation as submitted in the application.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution.
- c. The facility complies with DEQ statutes, rules, and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$3,668,754.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4101.

BKF  
MISC\AH72920  
October 25, 1993

Oregon Department of Environmental Quality  
811 S. W. Sixth Avenue  
Portland Oregon 97204

At your request, we have performed certain agreed upon procedures with respect to Smurfit Newsprint Corporation's (the Company) Pollution Tax Control Credit Application No. 4101, regarding the No. 10 Boiler Electrostatic Precipitator in Yamhill County, Oregon (the Facility). The aggregate claimed Facility costs on the Application were \$3,688,795. The following agreed upon procedures and related findings are as follows:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits - Sections 469.150 -468.190 ( the Statutes) and the Oregon Administrative Rules on Pollution Control Tax Credits - Sections 340-16-005 through 340-16-050 (OAR'S).
2. We discussed the Application and Statues with Charles Bianchi and Brian Fields of the Oregon Department of Environmental Quality (DEQ).
3. We discussed the Application and Statutes with Michael McLellan, Accounting Manager of the Company.
4. We inquired as to whether there were any direct or indirect Company costs charged to the Facility costs claimed in the Application. We were informed that \$13,239 of direct costs were included in the Application.

Based on our review of supporting documentation discussed in item no. 5 below, we noted that the direct costs charged to the Application appeared to be properly allowable.

5. We reviewed supporting documentation for 92% of the amount claimed on the Application through review of vendor invoices. All costs which we reviewed supporting the Application appeared to be from third party vendors.
6. We discussed with Michael McLellan, Accounting Manager for the Company, the extent to which non-allowable costs were excluded from the Application. This was accomplished by reviewing specific contractor invoices (see item no. 5) with Mr. McLellan. We determined that the Company had not properly excluded from the Application \$20,041 of costs which were not directly related to the pollution control project. Accordingly, the Facility costs claimed on the Application should have been \$3,668,754, instead of \$3,688,795.

Oregon Department of Environmental Quality  
Page Two

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the Application should be adjusted, except for the \$20,041 of costs noted in item no. 6 above. Had we performed additional procedures, or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company taken as a whole.

This report is solely for the State of Oregon Department of Environmental Quality in the evaluating the Company's Pollution Control Tax Credit Application and should not be used for any other purpose.

*Cogus & Lybrand*

Portland, Oregon  
October 26, 1993



# Environmental Quality Commission

- Rule Adoption Item
- Action Item
- Information Item

Agenda Item C  
December 10, 1993 Meeting

**Title:**

Rule Revisions to Division 34 and the Oregon Woodstove Certification Program

**Summary:**

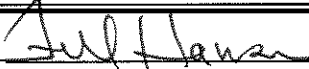
Oregon Statute currently requires that new woodstoves sold in Oregon be certified for emissions and rated for efficiency. The Department of Environmental Quality (DEQ) and the U.S. Environmental Protection Agency (EPA) maintain separate programs to certify new woodstoves and rate their heating efficiency. The proposed rule revision eliminates the duplication of program effort by accepting federal certification as fully meeting Oregon certification requirements. DEQ will no longer maintain a separate certification program and will eliminate the Oregon requirement for separate efficiency testing and labeling.

**Department Recommendation:**

Based upon the response to public comment and discussions with the woodheating industry the Director recommends that the Commission adopt the rule revisions to the Oregon Woodstove Certification Program.

  
Report Author

  
Division Administrator


  
Director

November 22, 1993 †Accommodations for disabilities are available upon request by contacting the Public Affairs Office at (503)229-5317(voice)/(503)229-6993(TDD).

State of Oregon  
Department of Environmental Quality

Memorandum

Date: November 1, 1993

To: Environmental Quality Commission  
From: Fred Hansen, Director   
Subject: Agenda Item C, December 10, 1993

Rule Revisions to Division 34 and the Oregon Woodstove Certification Program

**Background**

Since 1986 the Department has maintained a program to certify new woodstoves for emission and efficiency performance. Since 1988 the Environmental Protection Agency has maintained a national woodstove certification program which is similar in most respects to the Oregon program.

On August 26, 1993 the Director authorized the Air Quality Division to proceed to hearings on proposed rule revisions which would revise the procedure for woodstove certification and efficiency testing in Oregon. The rule revision would accept, as fully equivalent, the federal woodstove certification program, and would eliminate the Oregon requirement for separate efficiency testing and labeling. The Department would no longer maintain a separate certification program for woodstoves, which would eliminate the duplication of effort which currently exists between the Department and the federal certification program. The Department is not relinquishing its obligation to assure certification of woodstoves in Oregon, but only revising the process a manufacturer must follow to be recognized as Oregon certified. The federal woodstove emission standard is as stringent as the Oregon standard for catalytic woodstoves, and is more stringent than the Oregon emission standard for noncatalytic stoves. While the Oregon program does require the testing and labeling of heating efficiency, there is no efficiency standard which must be met. Deferring to the federal certification program in no way reduces the level of environmental protection provided by the Oregon woodstove certification statutes.

Pursuant to the authorization, hearing notice was published in the Secretary of State's Bulletin on September 1, 1993. Notice was mailed on August 30, 1993 to the list of those persons who have asked to be notified of rulemaking actions, and to a list of persons known by the Department to be potentially affected by, or interested in, the proposed rulemaking action.

Memo To: Environmental Quality Commission  
November 1, 1993  
Page 2

The following public hearing was held:

October 4, 1993	6pm.	Oregon State Office Building Room 140 800 NE Oregon St. Portland, OR 97232
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The Presiding Officers Report (Attachment F) summarizes the oral and written testimony presented at the hearing and during the public comment period. Written comments were received through October 15, 1993. Written comments pertinent to the rulemaking proposal are included in Attachment G.

The following sections summarize the proposed rule revisions, the process used for the development of the rulemaking proposal, a summary of the significant public comment and the changes proposed in response to those comments, rule implementation plan, and a recommendation for the Commission.

### **Rulemaking Proposal**

This proposal would amend Oregon Administrative Rules Chapter 340, Division 34, revising the procedure for woodstove certification and efficiency testing. The rule revision would accept, as fully equivalent, the federal woodstove certification program, and would eliminate the Oregon requirement for separate efficiency testing and labeling. The Department would no longer maintain a separate certification program for woodstoves, which would eliminate the duplication of effort which currently exists between the Department and the federal certification program. Discontinuing the DEQ efficiency labeling in Oregon will eliminate one tool used by Oregon consumers to evaluate new stove performance. However, efficiency information will not be totally eliminated. An efficiency rating will still be provided through the labeling requirements of the federal woodstove certification program. The Department believes that this efficiency labeling, while not as informative as the DEQ labeling, fully meets the Oregon statutory requirement to rate the heating efficiency of new stoves.

### **Development of Rule Revision Proposal**

In developing the proposed revisions to the Oregon Woodstove Certification Program the Department consulted with an advisory committee representing the regulated woodstove industry, Oregon woodstove retailers, and local governments. All were in favor of the proposed rule amendment.

### **Public Comment and Significant Issues**

The Department's contacts with the woodstove industry, Oregon retailers, and other affected parties prior to public hearing were overwhelmingly in support of the proposed amendment. The Department did receive a few substantive comments pertaining to the woodstove certification program. However, the balance of the comments received during the comment period pertained to other aspects of Division 34 and were therefore not pertinent to the rulemaking proposal. Based on comments received that were germane to the certification program the Department is recommending some minor revisions to the proposal. A summary of the pertinent comments and recommended revisions is attached in the hearing officers report (Attachment F).

### **Rule Implementation**

No formal implementation plan is necessary. Affected manufacturers and retailers will be notified by mail of the rule revisions. The Department will eliminate its certification work, but maintain its authority and procedures for enforcing certification sales requirements.

### **Recommendation for Commission Action**

Based on the response to public comments and discussions with the woodheating industry, the Director recommends that the Commission adopt the rule revisions to the Oregon Woodstove Certification Program as shown in Attachment A.

### **Attachments**

- A. Rule Amendments Proposed for Adoption

#### **Supporting Procedural Documentation**

- B. Legal Notice of Hearing\Public Notice of Hearing (Chance to Comment)
- C. Rulemaking Statement
- D. Fiscal and Economic Impact Statement
- E. Land Use Evaluation Statement
- F. Presiding Officer's Report on Public Hearing
- F. Department's Evaluation of Public Comment
- G. Written Comments Received

# **Attachment A**

## **Rule Amendments For Proposed Adoption**

OREGON ADMINISTRATIVE RULES  
CHAPTER 340, DIVISION 34 - DEPARTMENT OF ENVIRONMENTAL QUALITY

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DIVISION 34

RESIDENTIAL WOODHEATING

340-34-001 Purpose  
340-34-005 Definitions  
340-34-010 Requirements for Sale of Woodstoves  
340-34-015 Exemptions  
340-34-020 Civil Penalties

Woodstove Certification Program

340-34-045 Applicability  
340-34-050 Emissions Performance Standards and Certification  
~~340-34-055 Efficiency Testing Criteria and Procedures~~  
340-34-055 ~~340-34-060~~ General Certification Procedures  
~~340-34-065 Changes in Woodstove Design~~  
340-34-060 ~~340-34-070~~ Labelling Requirements  
~~340-34-075 Removable Label~~  
340-34-080 Label Approval  
340-34-085 Laboratory Accreditation Requirements  
340-34-090 Accreditation Criteria  
340-34-095 Application for Laboratory Efficiency  
Accreditation  
340-34-100 On Site Laboratory Inspection and Stove Testing  
Proficiency Demonstration  
340-34-105 Accreditation Application Deficiency, Notification  
and Resolution  
340-34-110 Final Department Administrative Review and  
Certificate of Accreditation  
340-34-115 Revocation and Appeals

Woodburning Curtailment

340-34-150 Applicability  
340-34-155 Determination of Air Stagnation Conditions  
340-34-160 Prohibition on Woodburning During Periods of Air  
Stagnation  
340-34-165 Public Information Program  
340-34-170 Enforcement  
340-34-175 Suspension of Department Program

Woodstove Removal Contingency Program  
for PM<sub>10</sub> Nonattainment Areas

340-34-200 Applicability  
340-34-205 Removal and Destruction of Uncertified Stove Upon

OREGON ADMINISTRATIVE RULES  
CHAPTER 340, DIVISION 34 - DEPARTMENT OF ENVIRONMENTAL QUALITY

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340-34-210	Sale of Home Home Seller's Responsibility to Verify Stove Destruction
340-34-215	Home Seller's Responsibility to Disclose

**DIVISION 34**

**RESIDENTIAL WOODHEATING**

**Purpose**

**340-34-001** The purpose of this Division is to establish rules to control, reduce and prevent air pollution caused by residential woodheating emissions.

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

Stat. Auth.: ORS Ch. 468 & 468A  
Hist.: AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93

**Definitions**

**340-34-005** [~~Unless otherwise required by context,~~] [a] As used in this Division:

~~(1) "Accredited" means a woodstove testing laboratory holds a valid certificate of accreditation issued by the Department or the U.S. Environmental Protection Agency.]~~

~~(1)(2) "Administrator" means the administrator of the Environmental Protection Agency or the administrator's authorized representative.~~

~~(2)(3) "Antique Woodstove" means a woodstove built before 1940 that has an ornate construction and a current market value substantially higher than a common woodstove manufactured in the same time period.~~

~~(4) "Audit test" means a test conducted by the Department to verify a laboratory's certification test results.]~~

~~(3)(5) "Commission" means the Environmental Quality Commission.~~

~~(4)(6) "Consumer" means any person who buys a woodstove for personal use.~~

~~(5)(7) "Cookstove" means an indoor woodburning appliance the design and primary purpose of which is to cook food.~~

~~(6)(8) "Curtailment" means a period during which woodburning is prohibited due to the existence of an air stagnation condition.~~

~~(7)(9) "Dealer" means any person engaged in selling woodstoves to retailers or other dealers for resale. A dealer which is also an Oregon retailer shall be considered to be only a retailer for purposes of this Division.~~

~~(8)(10) "Destroy" means to demolish to a such an extent that restoration is impossible.~~

~~(9)(11) "Department" means the Oregon Department of Environmental Quality.~~

~~(10)(12) "Director" means the Director of the Department or the Director's authorized delegates.~~

~~(11)(13) "EPA" means the United States Environmental Protection Agency.~~

~~(12)(14) "Federal Regulations" means Volume 40 CFR Part 60, Subpart AAA, Sections 60.530 through 60.539b, dated July 1, 1990.]~~

~~(13)(15) "Fireplace" means a framed opening made in a chimney to hold an open fire.~~

~~(16) "Heat output" means the heat output (Btu/hour) of a woodstove during one test run, measured under test conditions prescribed by OAR 340 21 120.]~~

~~(14)(17) "Manufacturer" means any person who imports a woodstove, constructs a woodstove or parts for woodstoves.~~

~~(15)(18) "New Woodstove" means any woodstove that has not been sold, bargained, exchanged, given away or has not had its ownership transferred from the person who first acquired the woodstove from the manufacturer's dealer or agency, and has not been so used to have become what is commonly known as "second hand" within the ordinary meaning of that term.~~

~~(19) "Overall efficiency (%) over the range of heat outputs tested" means the weighted average combustion efficiency (%) multiplied by the weighted average heat transfer efficiency (%) measured under test conditions (range of heat outputs) and calculated according to specific procedures prescribed by OAR 340 34 055(1). This definition is applicable to the Stack Loss Methodology. For the Calorimeter Room Method, the weighted average overall efficiency means the useful heat output released to the room, divided by the total heat potential of the fuel consumed.]~~

~~(16)(20) "Pelletstove" means a woodburning heating appliance which uses wood pellets as its primary source of fuel.~~

~~(17)(21) "Retailer" means any person engaged in the sale of woodstoves directly to consumers.~~

~~(18)(22) "Used Woodstove" means any woodstove that has been sold bargained, exchanged, given away, or has had its ownership transferred from a retailer, manufacturer's dealer or agent to a consumer.~~

~~(23) "Weighted average" means the weighted average of the test results to the distribution of home heating needs as prescribed in the federal regulations, 40 CFR Part 60, Subpart AAA.]~~

~~(19)(24) "Woodstove" or "Woodheater" means an enclosed, woodburning appliance capable of and intended for space heating and domestic~~



OREGON ADMINISTRATIVE RULES  
CHAPTER 340, DIVISION 34 - DEPARTMENT OF ENVIRONMENTAL QUALITY

water heating that meets all of the following criteria:

- (a) An air-to-fuel ratio in the combustion chamber averaging less than ~~[30]~~**35**-to-1 as determined by the test procedure prescribed in federal regulations **40 CFR part 60, subpart AAA, §60.534** performed at an accredited laboratory;
- (b) A usable firebox volume of less than 20 cubic feet,
- (c) A minimum burn rate less than 5 kg/hr as determined by the test procedure prescribed in federal regulations **40 CFR part 60, subpart AAA, §60.534** performed at an accredited laboratory; and
- (d) A maximum weight of 800 kg. In determining the weight of an appliance for these purposes, fixtures and devices that are normally sold separately, such as flue pipe, chimney, heat distribution ducting, and masonry components that are not an integral part of the appliance or heat distribution ducting, shall not be included.

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

[Publications: The publication(s) referred to or incorporated by reference in this rule are available from the office of the Department of Environmental Quality.]

Stat. Auth.: ORS Ch. 468 & 468A

Hist.: DEQ 11-1984, f. & ef. 6-26-84; DEQ 5-1990, f. 3-7-90, cert. ef. 7-1-90; AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93

### Requirements for Sale of Woodstoves 340-34-010

- (1) Requirements applicable to the sale of new woodstoves
  - (a) No person shall advertise to sell, offer to sell, or sell a new woodstove in Oregon unless: ~~(A) The~~ **the woodstove has been labeled for heating efficiency and tested, certified and labeled for emission performance in accordance with criteria, emission standards, and procedures specified in the federal regulations, 40 CFR Part 60, Subpart AAA, and**
    - ~~(B) The woodstove has been tested for heating efficiency and certified by the Department in accordance with criteria and procedures in OAR 340-34-055; and~~
    - ~~(C) The woodstove is labelled for emission performance and heating efficiency as specified in OAR 340-34-070; provided, however, that section (1) of this rule shall not apply to any sale~~

~~from any manufacturer or dealer; to any Oregon manufacturer or dealer; or to any out of state manufacturer, dealer or retailer; or to any offer or advertisement for such sale directed only to such a manufacturer, dealer or out of state retailer.]~~

- (b) No manufacturer, dealer, retailer or individual shall alter the permanent certification label in any way from the label approved by the Administrator pursuant to federal regulations, 40 CFR part 60, subpart AAA, ~~[, § 60.538.]~~
  - (c) No manufacturer, dealer or retailer shall alter the removable label in any way from the label approved by the **Administrator** ~~[Department]~~ pursuant to **federal regulations, 40 CFR part 60, subpart AAA, [OAR 340-34-080.]**
- (2) Requirements applicable for the sale of used woodstoves. A person shall not advertise to sell, offer to sell, or sell a used woodstove unless:
    - (a) The woodstove was certified by the **Department or the Administrator** on or after July 1, 1986, in accordance with emission performance and heating efficiency criteria applicable at the time of certification;
    - (b) The woodstove has permanently attached an emission performance label authorized by the Department or the EPA.
  - (3) Section (2) of this rule concerning used woodstoves that have not been certified shall not apply to the following:
    - (a) the selling by a consumer of a used woodstove that has not been certified by the Department to a person in the business of reusing, reclaiming or recycling scrap metal to be destroyed or used as scrap metal;
    - (b) the remittance of a used woodstove that has not been certified by the Department by a consumer to a retailer ~~[of certified woodstoves]~~ for the purpose of receiving a reduction in price on a new **residential heating system.** ~~[certified woodstove.]~~

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

[Publications: The publication(s) referred to or incorporated by reference in this rule are available from the office of the Department of Environmental Quality.]

Stat. Auth.: ORS Ch. 468 & 468A

Hist.: DEQ 11-1984, f. & ef. 6-26-84; DEQ 5-1990, f. 3-7-90, cert. ef. 7-1-90; AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93

## Exemptions

### 340-34-015

- (1) A pelletstove is exempt from the following requirements:
  - (a) OAR 340-34-050 through 340-34-~~060~~ ~~[115]~~, woodstove certification, and OAR 340-34-010, requirements applicable to the sale of woodstoves, ~~provided the manufacturer holds a valid letter of exemption from the Department, or furnishes the Department with a valid letter of exemption from the Administrator, which verifies that the pelletstove exceeds an air to fuel ratio in the combustion chamber of greater than 35 to 1 as determined in accordance with criteria and procedures of EPA Method 28A as set forth in the federal regulations, 40 CFR Part 60, Subpart AAA;~~
  - (b) OAR 340-34-010(2), requirements applicable to the sale of used woodstoves;
  - (c) OAR 340-34-150 through 340-34-175, woodburning curtailment; and
  - (d) OAR 340-34-200 through 340-34-215, woodstove requirements applicable after December 31, 1994.
- (2) An enclosed woodheating appliance capable of and intended for residential space heating or domestic water heating is exempt from OAR 340-34-010, requirements applicable to the sale of woodstoves ~~and~~ and OAR 340-34-050 through 340-34-~~060~~ ~~[115]~~, woodstove certification, provided the manufacturer holds a valid letter of exemption from the ~~Administrator~~ ~~Department~~, ~~or furnishes the Department with a valid letter of exemption from the Administrator,~~ which verifies that the appliance is not a woodstove or woodheater as defined in OAR 340-34-005(19)~~(24)~~.
- (3) An antique stove is exempt from the requirements of:
  - (a) OAR 340-34-010(2), requirements applicable to the sale of used woodstoves; and
  - (b) OAR 340-34-200 through 340-34-215, woodstove requirements applicable after December 31, 1994.
- (4) A cookstove is exempt from the requirements of Chapter 340, Division 34, except for OAR 340-34-150 through 340-34-175, woodburning curtailment.
- (5) A woodburning fireplace, woodstove or appliance operated within a household classified to be at less than or equal to 125 percent of the federal poverty level is exempt from the requirement of OAR 340-34-150 through 340-34-175, woodburning curtailment. The federal poverty level is published in the Federal Register, Volume 56, Number 34, February 20, 1990, page 6859, Department of Health and Human Services.

- (6) A woodstove operated in a residence that is equipped solely with woodheat is exempt from the requirements of OAR 340-34-150 through 340-34-175, woodburning curtailment.

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

[Publications: The publication(s) referred to or incorporated by reference in this rule are available from the office of the Department of Environmental Quality.]

Stat. Auth.: ORS Ch. 468 & 468A

Hist.: DEQ 11-1984, f. & ef. 6-26-84; DEQ 5-1990, f. 3-7-90, cert. ef. 7-1-90; AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93

## Civil Penalties

**340-34-020** Violations of Chapter 340, Division 34 are subject to Chapter 340, Division 12, Enforcement Procedures and Civil Penalties.

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

Stat. Auth.: ORS Ch. 468 & 468A

Hist.: AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93

## Woodstove Certification Program

### Applicability

#### 340-34-045

- (1) OAR 340-34-045 through 340-34-~~060~~ ~~[115]~~ shall apply to any woodstove or woodheater.
- (2) The following woodheating appliances are not subject to OAR 340-34-045 through 340-34-~~060~~ ~~[115]~~:
  - (a) Open masonry fireplaces;
  - (b) Boilers;
  - (c) Furnaces; and
  - (d) Cookstoves.

### Emissions Performance Standards and Certification

#### 340-34-050

- (1) Unless exempted by the Department under 340-34-~~015~~ ~~[115]~~, new woodstoves advertised for sale, offered for sale or sold in Oregon between July 1, 1990 and June 30, 1992 shall be certified by the Administrator pursuant to federal regulation as complying with the particulate matter emission limits specified in the federal regulations, **40 CFR Part 60, Subpart AAA, §60.532(a)**.
- (2) Unless exempted by the Department under 340-34-015, new woodstoves advertised for sale, offered for sale, or sold in Oregon on or after July 1, 1992 shall be certified by the Administrator pursuant to federal regulation as complying with the particulate

matter emission limits specified in the federal regulations, **40 CFR Part 40, Subpart AAA, §60.532(b)**.

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

[Publications: The publication(s) referred to or incorporated by reference in this rule are available from the office of the Department of Environmental Quality.]

Stat. Auth.: ORS Ch. 468 & 468A

Hist.: DEQ 11-1984, f. & ef. 6-26-84; DEQ 5-1990, f. 3-7-90, cert. ef. 7-1-90; AQ 7-1992, f. & ef. 11/13/91

### **Efficiency Testing Criteria and Procedures** **340-34-055**

- ~~(1) To be considered eligible for certification, a woodstove must be tested for efficiency in strict conformance with criteria and procedures contained in the document **Standard Method for Measuring the Emissions and Efficiencies of Residential Woodstoves** dated **June 8, 1984**, and incorporated herein by reference and on file at the Department, or in strict conformance with criteria and procedures in federal regulations, **40 CFR 60, Appendix J**, if found to be equivalent by the Department.~~
- ~~(2) All testing for certification purposes, using the **Standard Method for Measuring the Emissions and Efficiencies of Residential Woodstoves**, shall be conducted by a stove testing laboratory accredited in accordance with procedures specified in OAR 340-34-085.~~
- ~~(3) The Department may permit minor changes in the testing criteria and procedures specified in section (2) of this rule which the Department believes does not affect its accuracy providing such changes are approved in writing by the Department prior to the actual conducting of such tests.~~
- ~~(4) All testing for certification purposes using the federal regulation, **40 CFR 60, Appendix J**, if found to be equivalent by the Department, shall be conducted by an accredited laboratory.]~~

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

[Publications: The publication(s) referred to or incorporated by reference in this rule are available from the office of the Department of Environmental Quality.]

[Stat. Auth.: ORS Ch. 468 & 468A

Hist.: DEQ 11-1984, f. & ef. 6-26-84; DEQ 5-1990, f. 3-7-90, cert. ef. 7-1-90; AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93]

### **General Certification Procedures** **340-34-055 | 340-34-060**

- ~~[(1) Any new woodstove [manufacturer] sold in Oregon shall be considered to be in full compliance with Oregon emission performance standards and rated heating efficiency requirements if the manufacturer holds a valid Certificate of Compliance issued by the Administrator, pursuant to federal regulations, 40 CFR Part 60, Subpart AAA. Such a stove shall be considered Oregon certified without any further action by the Department.] or dealer, wishing to obtain certification of a woodstove shall file an application with the Department.]~~
- ~~[(2) An application for certification must include:]~~
  - ~~[(a) One complete copy of the EPA application and attachments as specified in the federal regulations, **40 CFR Part 60, Subpart AAA, §60.533 (a,b,c,d)**.]~~
  - ~~[(b) A copy of the valid Certificate of Compliance issued by the Administrator, pursuant to federal regulation, **40 CFR Part 60, Subpart AAA, §60.533**]~~
  - ~~[(c) All test data and support documentation showing that the woodstove has been tested for efficiency in accordance with OAR 340-34-055.]~~
  - ~~[(d) A non refundable certification fee, payable to the Department at the time the application is submitted to the Department, is required for each stove model seeking certification. The fee is \$500 for each model submitted by the manufacturer.]~~
- ~~[(3) The Department will promptly review an application for certification and:]~~
  - ~~[(a) Notify the applicant in writing within 30 days of receipt of the applications, of any deficiencies in the applications that cause the application to be incomplete;~~
  - ~~[(b) Notify the applicant within 60 days of receipt of a completed application whether certification is granted or denied pursuant to sections (4) and (7) of this rule.]~~
- ~~[(4) When all the preceding requirements have been met, the Department will issue or deny a certification document to the manufacturer or dealer for the specified woodstove.~~
- ~~(5) If the Department grants certification, the certification status shall be effective for no longer than five years unless extended or terminated by rule or order.~~
- ~~(6) An application for a new document of certification shall be made by submitting a completed application including retests and fees at least 60 days prior to expiration of certification. The Department may waive the retest and fees if the~~

~~applicant demonstrates the previous evidence used to certify the woodstove has not changed and remains reliable and applicable.]~~

~~[(7) If the Department denies certification of a woodstove, the Department will notify the manufacturer or dealer in writing of the opportunity for a hearing pursuant to OAR Chapter 340, Division 11.]~~

~~[[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]~~

~~[[Publications: The publication(s) referred to or incorporated by reference in this rule are available from the office of the Department of Environmental Quality.]~~

~~[Stat. Auth.: ORS Ch. 468 & 468A  
Hist.: DEQ 11-1984, f. & ef. 6-26-84; DEQ 5-1990, f. 3-7-90, cert. ef. 7-1-90; AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93]~~

### ~~[Changes in Woodstove Design~~

~~340-34-065 Certification of woodstoves shall be valid for only the specific model, design, plans and specifications which were originally submitted, tested and approved for certification. Any modification to the model, design, plans or specifications shall cause the certification to be ineffective and any so modified woodstoves to be uncertified, unless prior to making such modification the certification holder submits the proposed modification to the Administrator for approval, and the Administrator approves it.~~

~~[[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]~~

~~[Stat. Auth.: ORS Ch. 468 & 468A  
Hist.: DEQ 11-1984, f. & ef. 6-26-84; DEQ 5-1990, f. 3-7-90, cert. ef. 7-1-90; AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93]~~

### ~~Labelling Requirements~~

~~340-34-060] 340-34-070] New w[W]oodstoves sold in Oregon [which must be labelled pursuant to OAR 340-34-010] shall have affixed to them:~~

- ~~(1) A permanent label, in accordance with federal regulations, **40 CFR, Part 60, Subpart AAA, §60.536.**~~
- ~~(2) A point-of-sale removable label[-] **in accordance with federal regulations 40 CFR, Part 60, Subpart AAA, §60.536.**~~

~~[(a) For woodstoves tested for efficiency in conformance with criteria and procedures described in 340-34-055 and contained in the document **Standard Method for Measuring the Emissions and Efficiencies of Residential Woodstoves**, the label shall be approved by the Department, verify~~

~~certification and show the heating efficiency of the appliance. The label shall be affixed to the appliance at the point of sale near the front and top of the stove and remain affixed until sold and delivered to the consumer;~~

- ~~(b) If the woodstove was tested for efficiency in conformance with criteria and procedures in federal regulations, **40 CFR Part 60, Appendix J**, the point of sale label shall show the measured efficiency in accordance with the requirements in federal regulations, **40 CFR §60.536.]**~~

~~[[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]~~

~~[[Publications: The publication(s) referred to or incorporated by reference in this rule are available from the office of the Department of Environmental Quality.]~~

~~Stat. Auth.: ORS Ch. 468 & 468A  
Hist.: DEQ 11-1984, f. & ef. 6-26-84; DEQ 5-1990, f. 3-7-90, cert. ef. 7-1-90; AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93]~~

### ~~[Removable Label~~

#### ~~340-34-075~~

- ~~(1) For a woodstove with a heating efficiency measured in accordance with OAR 340-34-055, an additional point of sale removable label shall be affixed and shall contain the following information:  
(a) "Oregon Tested Efficiency (Ave.) \_\_\_\_\_ %", weighted average of tested values;  
(b) Manufacturer of appliance;  
(c) Model of appliance;  
(d) Design number of model;  
(e) A statement acknowledging EPA emission certification meets Oregon emission requirements;  
(f) The statement "Performance may vary from test values depending on actual home operating conditions".~~
- ~~(2) The label shall be visibly located on the appliance when the appliance is available for inspection by consumers.~~
- ~~(3) This label may not be combined with any other label or with other information.~~
- ~~(4) The label shall be attached to the appliance in such a way that it can be easily removed by the consumer upon purchase. For instance, the label may be attached by adhesive, wire, or string.]~~

~~[[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]~~

~~[Stat. Auth.: ORS Ch. 468 & 468A  
Hist.: DEQ 11-1984, f. & ef. 6-26-84; DEQ 5-1990, f. 3-7-90, cert. ef. 7-1-90; AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93]~~

## ~~[Label Approval~~

### ~~340-34-080-~~

#### ~~(1) Removable label:~~

~~(a) For a woodstove with a heating efficiency measured in accordance with OAR 340-34-055, the Department will provide the manufacturer or dealer, at the time of certification with:~~

~~(A) A copy of the standardized printed removable label, with all printing specifications; and~~

~~(B) The specific information that shall be printed in the spaces on the label by the manufacturer.~~

~~(b) The manufacturer or dealer shall submit to the Department for review:~~

~~(A) A proof copy of the proposed label with the required information printed on the labels;~~

~~(B) The method of attaching the removable label to the woodstove;~~

~~(C) The name, telephone number, and address of the label printer.~~

~~(e) Within 14 days of receipt of all the information required in subsection (b) of this section, the Department will approve or deny use of the proposed label.~~

~~(2) The manufacturer shall submit to the Department three final printed permanent, and three final printed removable labels within one month of receiving the labels from the printer.~~

~~[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]~~

~~[Stat. Auth.: ORS Ch. 468 & 468A~~

~~Hist.: DEQ 11-1984, f. & ef. 6-26-84; DEQ 5-1990, f. 3-7-90, cert. ef. 7-1-90; AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93]~~

## ~~[Laboratory Accreditation Requirements~~

~~340-34-085 A laboratory submitting test data pursuant to requirements in this rule shall have a valid certificate of accreditation issued by the Department. A laboratory may initiate application for an accreditation certificate by submitting written documentation to the Department that accreditation criteria contained in OAR 340-34-090 are met. In addition, the laboratory must demonstrate stove testing proficiency pursuant to OAR 340-34-095, in order to qualify for accreditation.]~~

~~[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]~~

~~[Stat. Auth.: ORS Ch. 468 & 468A~~

~~Hist.: DEQ 11-1984, f. & ef. 6-26-84; AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93]~~

## ~~[Accreditation Criteria~~

~~340-34-090 All laboratories shall meet the following criteria and standards at the time of application and shall continue to meet these criteria as a condition of maintaining accreditation.~~

~~(1) Hold a valid certificate of accreditation for emission testing issued by the Administrator.~~

~~(2) Shall hold a valid certificate of efficiency accreditation issued by the Department. To be eligible for efficiency accreditation the laboratory must demonstrate to the Department:~~

~~(a) Conformance with the criteria and procedures contained in the document **Standard Method for Measuring the Emission and Efficiency of Residential Woodstoves** and maintain an efficiency computer program that produces results comparable to the Department's using a standard data set provided by the Department; or~~

~~(b) Conformance and proficiency with the criteria and procedures in federal regulation, **40 CFR 60, Appendix J**, if found to be equivalent by the Department.~~

~~(3) Shall meet all of the requirements as prescribed by federal regulation, **40 CFR Part 60, Subpart AAA, Section 60.535**.~~

~~(4) Neither the laboratory owners or business affiliates shall discriminate in management or business practices against any person or business because of race, creed, color, religion, sex, age, or national origin. In addition, neither the laboratory nor its owners or operators shall be certified by any association or members of any association that discriminates in management or business practices against any person or business because of race, creed, color, religion, sex, age, or national origin.]~~

~~[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]~~

~~[[Publications: The publication(s) referred to or incorporated by reference in this rule are available from the office of the Department of Environmental Quality.]]~~

~~[Stat. Auth.: ORS Ch. 468 & 468A~~

~~Hist.: DEQ 11-1984, f. & ef. 6-26-84; DEQ 5-1990, f. 3-7-90, cert. ef. 7-1-90; AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93]~~

## ~~[Application for Laboratory Efficiency Accreditation~~

### ~~340-34-095-~~

- ~~(1) A laboratory applying for efficiency accreditation shall state in writing and demonstrate by providing documentation, that they comply with the criteria and standards in OAR 340-34-090 at the time of application, and how they will continue to meet the criteria and standards on an on going basis.~~
- ~~(2) The laboratory shall notify the Department in writing within 30 calendar days should it become unable to conform to any of the criteria and standards in OAR 340-34-090.~~
- ~~(3) Deficiency in the application will be identified by the Department in writing, and must be resolved by the laboratory before further processing occurs.~~
- ~~(4) The application will not be considered complete until the laboratory certifies in writing that the application deficiencies have been resolved. The application will be considered withdrawn if the applicant fails to resolve to the Department's satisfaction the application deficiencies within 90 days of postmark of notification by the Department.~~
- ~~(5) When the Department determines that the application is complete and approvable, the Department shall inform the laboratory in writing and may schedule an on-site laboratory inspection.]~~

~~[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]~~

~~[Stat. Auth.: ORS Ch. 468 & 468A  
Hist.: DEQ 11-1984, f. & ef. 6-26-84; DEQ 5-1990, f. 3-7-90, cert. ef. 7-1-90; AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93]~~

### ~~[On-Site Laboratory Inspection and Stove Testing Proficiency Demonstration 340-34-100-~~

- ~~(1) An on-site inspection may be conducted by a Department representative after all laboratory information required by OAR 340-34-090, has been provided by the laboratory, and reviewed and approved by the Department. The on-site visit may be conducted when a laboratory initially applies for accreditation, when the laboratory reapplies for a new certificate of accreditation or at such time as is deemed necessary by the Department.~~
- ~~(2) During the on-site inspection, the Department representative will:
  - ~~(a) Observe the Stove Testing Proficiency Demonstration specified in OAR 340-34-095;~~
  - ~~(b) Meet with management and supervisory personnel responsible for the testing activities for which the laboratory is seeking accreditation;~~
  - ~~(c) Review representative samples of laboratory records. To facilitate examination of personnel competency records, the laboratory~~~~

- ~~should prepare a list of names of staff members who perform the tests;~~
  - ~~(d) Observe test demonstrations and talk with laboratory personnel to assure their understanding of the test procedures. Refer to OAR 340-34-055 and 340-34-095;~~
  - ~~(e) Physically examine selected equipment and apparatus;~~
  - ~~(f) At the conclusion of the on-site visit, the Department may discuss observations with responsible members of the laboratory management pointing out any deficiencies uncovered.~~
- ~~(3) In order to be accredited and as a part of each on-site laboratory inspection, each laboratory may be required to demonstrate to the Department's representative its ability to successfully and proficiently conduct and report a woodstove emission and efficiency test. Each laboratory may:
    - ~~(a) Be required to test one woodstove provided by the Department. Costs for all stove shipping, catalytic combustors, or other necessary parts will be paid by the laboratory;]~~
    - ~~[(b) Be required to test the stove in accordance with testing criteria and procedures specified in OAR 340-34-155;~~
    - ~~(c) Conduct the actual efficiency testing in the presence of a Department observer;~~
    - ~~(d) Submit all test data, observations and test results to the Department for technical evaluations.]~~~~

~~[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]~~

~~[Stat. Auth.: ORS Ch. 468 & 468A  
Hist.: DEQ 11-1984, f. & ef. 6-26-84; DEQ 5-1990, f. 3-7-90, cert. ef. 7-1-90; AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93]~~

### ~~[Accreditation Application Deficiency, Notification and Resolution 340-34-105-~~

- ~~(1) Any deficiencies noted during the on-site inspection and/or in the test data and test results submitted from the stove testing proficiency demonstration will be specifically identified in writing and mailed to the laboratory within 30 days of the on-site visit.~~
- ~~(2) The laboratory must respond in writing within 30 days of the date of postmark of the notification by the Department and provide documentation that the specified deficiencies have been corrected. All deficiencies must be corrected prior to accreditation being granted.~~

- ~~(3) Deficiencies noted for corrective action will be subject to thorough review and verification during subsequent on site visits and technical evaluations.~~
- ~~(4) Any deficiencies in the test data and/or results may result in subsequent proficiency tests being required at the laboratory with a Department representative present.]~~

~~[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]~~

~~[Stat. Auth.: ORS Ch. 468 & 468A  
Hist.: DEQ 11-1984, f. & ef. 6-26-84; AQ 7-1992, f. & ef. 11/13/91;  
AQ 1-1993, f. & ef. 3-9-93]~~

### ~~[Final Department Administrative Review and Certificate of Accreditation 340-34-110~~

- ~~(1) When all application material has been received, including the on site inspection and the stove testing proficiency evaluation, and there has been time for all deficiencies to be resolved, the Department will grant or deny accreditation.~~
- ~~(2) Accreditation can be denied for failure to comply with or fulfill any of the criteria in OAR 340-34-090, 340-34-095, and 340-34-100.~~
- ~~(3) When accreditation is approved, a certificate of accreditation will be issued to the laboratory. Accreditation will be granted for a period of five years (60 months) subject to rule change or revocation for cause, pursuant to OAR 340, Division 11.~~
- ~~(4) A certificate of accreditation is not renewable. A holder may obtain a new certificate of accreditation by completing the application procedure in OAR 340-34-095, and demonstrating compliance with OAR 340-34-090 and 340-34-100.~~
- ~~(5) The Department may select and audit test one stove tested by the laboratory during the accreditation period to verify certification test results. Any discrepancies noted will be communicated to the laboratory by certified or registered mail. The laboratory must respond in writing within 30 days of postmark of notification and provide documentation or certification by an authorized member of the laboratory management that the specified discrepancies have been corrected or the laboratory may be subject to civil penalties or revocation of accreditation.~~
- ~~(6) A laboratory may voluntarily terminate its accreditation by written request at any time. The certificate of accreditation must be returned with the request.~~

~~[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]~~

~~[Stat. Auth.: ORS Ch. 468 & 468A  
Hist.: DEQ 11-1984, f. & ef. 6-26-84; DEQ 5-1990, f. 3-7-90, cert. ef. 7-1-90; AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93]~~

### ~~[Revocation and Appeals 340-34-115~~

- ~~(1) Violation of OAR 340-34-050 through OAR 340-34-110 shall constitute cause to revoke the manufacturer's woodstove certification or laboratory's certificate of laboratory accreditation.~~
- ~~(2) Certification of a woodstove may be revoked if the woodstove was tested at a laboratory that was found to be in violation of accreditation criteria and rules at the time the woodstove was tested for certification.~~
- ~~(3) When certification or accreditation has been revoked, the holder shall return the certification or accreditation document to the Department and cease to use mention of Department certification or accreditation of the stove model or laboratory on any of its test reports, correspondence or advertising.]~~
- ~~[(4) Appeal of the revocation of stove certification and lab accreditation shall be conducted pursuant to OAR 340-11-097 through 340-11-142.]~~

~~[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]~~

~~Stat. Auth.: ORS Ch. 468 & 468A  
Hist.: DEQ 11-1984, f. & ef. 6-26-84; AQ 7-1992, f. & ef. 11/13/91;  
AQ 1-1993, f. & ef. 3-9-93~~

## Woodburning Curtailment

### Applicability

~~340-34-150~~ OAR 340-34-150 through 340-34-175 shall apply to any portion of the state:

- ~~(1) Where the Department has determined that, under the requirements of the Clean Air Act, an enforceable woodburning curtailment program is required as an emission reduction control strategy for a PM<sub>10</sub> nonattainment area and the Department has determined that the local government or regional authority has failed to adopt or adequately implement the required woodburning curtailment program. In determining whether a local government or regional authority has failed to adequately adopt or implement a curtailment program, the Department shall determine if a local government or regional authority:
  - ~~(a) has adopted an ordinance that requires the curtailment of residential wood heating at forecasted air pollution levels which are consistent with the curtailment conditions and~~~~

requirements specified in OAR 340-34-155(1) and 340-34-160(1) and (2);

- (b) is issuing on a daily basis curtailment advisories to the public consistent with OAR 340-34-165; and
  - (c) is conducting surveillance for compliance and is taking adequate enforcement actions consistent with OAR 340-34-170.
- (2) Where the Department has determined that, under the requirements of the Clean Air Act, an enforceable woodburning curtailment program is required as an emission abatement strategy to respond to an air pollution emergency.
- (3) That is classified as a nonattainment area for PM<sub>10</sub> that does not achieve attainment by December 31, 1994, and which does not have an enforceable curtailment program that satisfies the criteria in sections (1)(a), (b) and (c) above.

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

Stat. Auth.: ORS Ch. 468 & 468A

Hist.: AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93

### **Determination of Air Stagnation Conditions**

#### **340-34-155**

The Department shall utilize appropriate data and technology to develop methodology criteria for a curtailment program that:

- (1) For use as an emission reduction control strategy or contingency plan for PM<sub>10</sub> nonattainment areas:
  - (a) Calls a Stage I advisory when the PM<sub>10</sub> standard is being approached; and
  - (b) Calls a Stage II advisory, when an exceedence of the PM<sub>10</sub> standard is forecasted to be imminent.
- (2) For use as an emission abatement strategy in order to respond to an air pollution emergency
  - (a) Calls an Alert when PM<sub>10</sub> alert levels have been reached and are forecasted to continued; and
  - (b) Calls a Warning when PM<sub>10</sub> warning levels have been reached and are forecasted to continue.
  - (c) Alert and Warning levels are specified in OAR Chapter 340, Division 27.

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

Stat. Auth.: ORS Ch. 468 & 468A

Hist.: AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93

### **Prohibition on Woodburning During Periods of Air Stagnation.**

#### **340-34-160**

- (1) During any designated Stage I Advisory, the operation of any uncertified woodstove, fireplace, or woodburning appliance shall be prohibited unless exempted under the provisions of OAR 340-34-015.
- (2) During any designated Stage II Advisory, the operation of any woodstove, fireplace, or woodburning appliance shall be prohibited unless exempted under the provisions of OAR 340-34-015.
- (3) During any designated PM<sub>10</sub> Alert, the operation of any uncertified woodstove, fireplace, or wood burning appliance shall be prohibited unless exempted under the provisions of OAR 340-34-015.
- (4) During any designated PM<sub>10</sub> Warning, the operation of any woodstove, fireplace, or woodburning appliance shall be prohibited unless exempted under the provisions of OAR 340-34-015.

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

Stat. Auth.: ORS Ch. 468 & 468A

Hist.: AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93

### **Public Information Program**

#### **340-34-165**

The Department or its designated representative shall implement a public information program to disseminate the daily air pollution advisory to the local community. The public information program shall include but may not be limited to the utilization of applicable local media including television, radio, and newspapers.

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

Stat. Auth.: ORS Ch. 468 & 468A

Hist.: AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93

### **Enforcement**

#### **340-34-170**

- (1) The Department or its designated representative shall monitor the level of compliance with curtailment requirements during designated periods of air stagnation.
- (2) A rebuttable presumption of a violation shall arise if smoke is being emitted through a flue or chimney during a curtailment period unless the household from which smoke is being emitted has provided the Department or designated representative with information indicating that the



household or its woodburning appliance is exempt from curtailment requirements in accordance with OAR 340-34-015.

- (3) Any person claiming an exemption to OAR 340-34-150 through 340-34-175 in accordance with OAR 340-34-015 in response to a Notice of Noncompliance shall provide the Department with documentation which establishes eligibility for the exemption. The Department shall review the documentation and make a determination regarding the exemption status of the household, or woodheating appliance. The following documentation shall be submitted to the Department for review in order to establish exemption status under the criteria of OAR 340-34-015:

- (a) For households desiring low income exemption status a copy of the previous year tax returns. The tax return should reflect the total combined household income for the past year;
- (b) A signed affidavit attesting to the sole source status of a home (see note);
- (c) A signed affidavit attesting to the certification status of the home heating appliance (see note).

**Note:** Affidavits for certified stove, low income, and sole source exemptions are available from the Woodheating Program, Air Quality Division, Department of Environmental Quality; 811 SW Sixth Avenue, Portland, Oregon 97204.

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

Stat. Auth.: ORS Ch. 468 & 468A  
Hist.: AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93

### **Suspension of Department Program 340-34-175**

- (1) The Department shall suspend the operation and enforcement of OAR 340-34-150 through 340-34-170 in any area upon determination by the Department that the local government or regional air quality authority has adopted and is adequately implementing a woodburning curtailment program that is at least as stringent as the program outlined in OAR 340-34-150 through 340-34-170.
- (2) In making a determination concerning the adequacy of a local or regional woodburning curtailment program, the Department shall consider whether or not the local government or regional authority:
  - (a) Has adopted an ordinance that requires the curtailment of residential woodheating at forecasted air pollution levels which are consistent with curtailment conditions specified in OAR 340-34-155;

- (b) Is issuing curtailment advisories to the public on a daily basis;
- (c) Is conducting surveillance for compliance and is taking adequate enforcement actions;
- (d) Any other information the Department determines is necessary to determine the adequacy of the curtailment program.

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]  
Stat. Auth.: ORS Ch. 468 & 468A  
Hist.: AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93

### **Woodstove Removal Contingency Program for PM<sub>10</sub> Nonattainment Areas**

#### **Applicability**

**340-34-200** OAR 340-34-200 through 340-34-215 shall apply to any area classified as a nonattainment area for PM<sub>10</sub> that does not achieve attainment by December 31, 1994.

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

Stat. Auth.: ORS Ch. 468 & 468A  
Hist.: AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93

#### **Removal and Destruction of Uncertified Stove Upon Sale of Home.**

**340-34-205** Except as provided for by OAR 340-34-015, any uncertified woodstove shall be removed and destroyed by the seller upon the sale of a home.

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

Stat. Auth.: ORS Ch. 468 & 468A  
Hist.: AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93

#### **Home Seller's Responsibility to Verify Stove Destruction**

**340-34-210** Any person selling a home which contains an uncertified woodstove shall provide to the Department prior to the sale of the home, a copy of a receipt from a scrap metal dealer verifying that the stove has been destroyed.

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

Stat. Auth.: ORS Ch. 468 & 468A  
Hist.: AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93

**Home Seller's Responsibility to Disclose**

**340-34-215** Any person selling a home in which an uncertified woodstove is present shall disclose to any potential buyer, buyer's agent or buyer's representative that the woodstove is uncertified, and must be removed and destroyed upon sale of the home.

[NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the Environmental Quality Commission under OAR 340-20-047.]

Stat. Auth.: ORS Ch. 468 & 468A

Hist.: AQ 7-1992, f. & ef. 11/13/91; AQ 1-1993, f. & ef. 3-9-93

**ATTACHMENTS: B, C, D, E**

SUPPORTING PROCEDURAL DOCUMENTATION

W

**NOTICE OF PROPOSED RULEMAKING HEARING**

(Rulemaking Statements and Statement of Fiscal Impact must accompany this form.)

**AGENCY:** Department of Environmental Quality, Air Quality Division

The above named agency gives notice of hearing.

**HEARING TO BE HELD:**

<b>DATE:</b>	<b>TIME:</b>	<b>LOCATION:</b>
October 4, 1993	6pm	State Office Building 800 NE Oregon St. Portland, OR 97232 Room 140

Hearings Officer: David Collier

Pursuant to the Statutory Authority of Oregon Revised Statutes (ORS) Ch 468 & 468A

The following action is proposed:

**ADOPT:**

**AMEND:** Oregon Administrative Rules (OAR) 340-20-047 - State Implementation Plan.  
Oregon Administrative Rules (OAR) 340-34-045 through 340-34-115

**REPEAL:**

Prior Notice Given; Hearing Requested by Interested persons

No Prior Notice Given

**SUMMARY:**

Amend OAR Chapter 340 Division 34 to revise the procedure for woodstove certification and efficiency testing. The rule revision would accept the federal woodstove certification program as being fully equivalent to the Oregon woodstove certification requirements, and would eliminate the Oregon requirement for separate efficiency testing and labeling. The Department would no longer maintain a separate certification program for woodstoves.

Interested persons may comment on the proposed rules orally or in writing at the hearing. Written comments received by 5 pm October 6, 1993 will also be considered. Written comments should be sent to and copies of the proposed rulemaking may be obtained from:

**AGENCY:** Department of Environmental Quality  
Air Quality Division  
**ADDRESS:** 811 SW 6th Ave.  
Portland, OR 97204-1390  
811 S. W. 6th Avenue  
Portland, Oregon 97204  
**ATTN:** David Collier  
**PHONE:** (503) 229-5177  
or Toll Free 1-800-452-4011

 8/30/93  
Signature Date

**Rule Revisions to the Oregon Woodstove Certification Program  
Amendments to Division 34; Section Covering Woodstove Certification**

Date Issued:	August 30, 1993
Public Hearings:	October 4-5, 1993
Comments Due:	October 6, 1993

**WHO IS  
AFFECTED:**

Woodstove Manufacturers, Woodstove retailers, Oregon consumers.

**WHAT IS  
PROPOSED:**

Amend OAR Chapter 340 Division 34 to revise the procedure for woodstove certification and efficiency testing. This is also a revision to the State Implementation Plan (SIP). The rule revision would accept the federal woodstove certification program as being fully equivalent to the Oregon woodstove certification requirements; and would eliminate the Oregon requirement for separate efficiency testing and labeling. The Department would no longer maintain a separate certification program for woodstoves.

**WHAT ARE THE  
HIGHLIGHTS:**

Rule revision will eliminate the duplication of effort which currently exists between the state and federal woodstove certification programs. Rule revisions will eliminate the extra cost to woodstove manufacturers to test and label for Oregon efficiency.

**HOW TO  
COMMENT:**

Public Hearings to provide information and receive public comment are scheduled as follows:

October 4, 1993

6pm

State Office Building  
800 NE Oregon Street  
Room 140  
Portland OR, 97232

Written comments must be received by 5:00 p.m. on October 6, 1993 at the following address:

Department of Environmental Quality  
811 S. W. 6th Avenue  
Portland, Oregon, 97204

A copy of the Proposed Rule may be reviewed at the above address. A copy may be obtained from the Department by calling the Air Quality Division at 229-5177 or calling Oregon toll free 1-800-452-4011.

**WHAT IS THE  
NEXT STEP:**

The Department will evaluate comments received and will make a recommendation to the Environmental Quality Commission. Interested parties can request to be notified of the date the Commission will consider the matter by writing to the Department at the above address.

State of Oregon  
DEPARTMENT OF ENVIRONMENTAL QUALITY

Rulemaking Proposal  
for  
Rule Revisions to the Oregon Woodstove Certification Program

Rulemaking Statements

Pursuant to ORS 183.335(7), this statement provides information about the Environmental Quality Commission's intended action to adopt a rule.

1. Legal Authority

Oregon Revised Statute 468 & 468A

2. Need for the Rule

The ORS requires that new woodstoves sold in Oregon be certified for emissions and rated for heating efficiency. Both the Department of Environmental Quality and the U.S. Environmental Protection Agency currently maintain separate programs to certify new woodstoves and rate their heating efficiency, resulting in an unnecessary duplication of effort. In 1990 the Department took the first step toward eliminating this duplication by accepting the federal emission certification as fully meeting Oregon emission certification requirements. The Department did however retain the requirement for separate efficiency testing as part of Oregon certification. This rule revision will further eliminate the duplication of effort by accepting federal efficiency rating and labeling program as fully meeting Oregon certification requirements. The Department will no longer maintain a separate certification program, and will eliminate the Oregon requirement for separate efficiency testing and labeling.

3. Principal Documents Relied Upon in this Rulemaking

Oregon Administrative Rules. Chapter 340 Division 34  
Code of Federal Regulations: 40 CFR Parts 53 to 60, Subpart AAA



State of Oregon  
DEPARTMENT OF ENVIRONMENTAL QUALITY

Rulemaking Proposal  
for  
Rule Revisions to the Oregon Woodstove Certification Program

**Fiscal and Economic Impact Statement**

**Introduction**

Revisions to the Oregon Woodstove Certification Program will result in an economic benefit to woodstove manufacturers. Application fees for certification will be eliminated, and costs for efficiency label development, printing and distribution will also be eliminated.

**General Public**

The revisions to the certification program rules will not result in a significant economic impact to consumers.

**Small Business**

Revisions to the certification program rules will not significantly affect the wholesale or retail pricing of new woodstoves, and therefore will not result in a significant economic impact to woodstove retailers. Label printers will lose revenue generated by the production of Oregon efficiency labeling.

**Large Business**

Woodstove manufacturers will receive an economic benefit as a result of the rule revision. The state certification application fee of \$500 per model will be eliminated. Manufacturers will also save on the expense of independent efficiency testing which typically ranges from \$500 to \$600 per model. Manufacturers will no longer need to pay for the preparation of a separate certification report. The cost of labeling for Oregon efficiency will be eliminated. An Oregon woodstove manufacturer reports the labeling cost of the Oregon program to be approximately one dollar per stove. It is estimated that the elimination of the Oregon program would save a typical manufacturer between \$200 and \$4,000 per year.

### **Local Governments**

There will be no economic impact to local government.

### **State Agencies**

The rule revision will eliminate the need for a certification staff position. The Department of Environmental Quality has already adjusted the agency budget to reflect this staff reduction. Typically the certification program generates revenue in the range of \$7,500 to \$10,000 annually. This revenue would be lost. No other agencies will be affected by the rule revisions.

### **Assumptions**

Average additional cost of Oregon efficiency testing and reporting is approximately \$500 to \$600 per model.

Over the past several years the Department has typically received between 15 and 20 new certification applications per year. At \$500 per application, revenue generated is between \$7,500 and \$10,000 per year.

An average Oregon woodstove manufacturer spends approximately one dollar per stove to label under the Oregon program, and labels in the range of 200 to 4,000 stoves per year. This cost would be eliminated. The corresponding revenue for the label manufacturer would be lost.

State of Oregon  
DEPARTMENT OF ENVIRONMENTAL QUALITY

Rulemaking Proposal  
for  
Rule Revisions to the Oregon Woodstove Certification Program

Land Use Evaluation Statement

**1. Explain the purpose of the proposed rules.**

The ORS requires that new woodstoves sold in Oregon be certified for emissions and rated for heating efficiency. Currently both the Department of Environmental Quality and the U.S. Environmental Protection Agency have programs which certify woodstoves for emissions and rate heating efficiency; creating unnecessary duplication of effort between the state and federal certification programs. This rule revision will eliminate this duplication by accepting federal certification as fully meeting Oregon certification requirements. The Department will no longer maintain a separate certification program and will eliminate the Oregon requirement for separate efficiency testing and labeling.

**2. Do the proposed rules affect existing rules, programs or activities that are considered land use programs in the DEQ State Agency Coordination (SAC) Program?**

Yes \_\_\_ No X

a. If yes, identify existing program/rule/activity:

b. If yes, do the existing statewide goal compliance and local plan compatibility procedures adequately cover the proposed rules?

Yes \_\_\_ No \_\_\_ (if no, explain):

**c. If no, apply the following criteria to the proposed rules.**

Staff should refer to Section III, subsection 2 of the SAC document in completing the evaluation form. Statewide Goal 6 - Air, Water and Land Resources is the primary goal that relates to DEQ authorities. However, other goals may apply such as Goal 5 - Open Spaces, Scenic and Historic Areas, and Natural Resources; Goal 11 - Public Facilities and Services; Goal 16 - Estuarine Resources; and Goal 19 - Ocean Resources. DEQ programs or rules that relate to statewide land use goals are considered land use programs if they are:

1. Specifically referenced in the statewide planning goals; or
2. Reasonably expected to have significant effects on
  - a. resources, objectives or areas identified in the statewide planning goals, or
  - b. present or future land uses identified in acknowledged comprehensive plans.

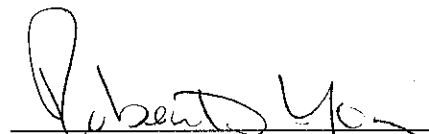
In applying criterion 2. above, two guidelines should be applied to assess land use significance:

- The land use responsibilities of a program/rule/action that involves more than one agency, are considered the responsibilities of the agency with primary authority.
- A determination of land use significance must consider the Department's mandate to protect public health and safety and the environment.

**In the space below, state if the proposed rules are considered programs affecting land use. State the criteria and reasons for the determination.**

3. **If the proposed rules have been determined a land use program under 2. above, but are not subject to existing land use compliance and compatibility procedures, explain the new procedures the Department will use to ensure compliance and compatibility.**

  
\_\_\_\_\_  
Division

  
\_\_\_\_\_  
Intergovernmental Coord.

8/29/23  
Date

State of Oregon  
 Department of Environmental Quality

Memorandum

Date: November 2, 1993

**To:** Environmental Quality Commission

**From:** David L. Collier, Hearings Officer *DL*

**Subject:** Hearing Report for Revisions to Oregon Administrative Rules, Division 34, OAR 340-34-045 through 340-34-115, Woodstove Certification Program.

A hearing was held on October 4, 1993 to accept public testimony regarding proposed rule revisions to the Oregon woodstove certification program. The hearing was held at 6pm at the Oregon State Office Building, Room 140, 800 NE Oregon St, Portland Or. The hearings officer was David Collier. No one attended the hearing.

During the comment period several comments were received by telephone. Written comment was received by the Department through 5pm, October 15, 1993. A few substantive comments were received regarding the woodstove certification program; however, the balance of the comments were regarding other aspects of Division 34 and were therefore not pertinent to the rulemaking proposal.

**Testimony References**  
**Rule Revisions to the Oregon Woodstove Certification Program**

<u>Number</u>	<u>Oral/Phone Testimony</u>	<u>Written Comment</u>	<u>Name and Affiliation</u>
A1,A2	Yes	Yes	Alben T. Myren Director of Research Aladdin Steel Products
B	Yes		Rindy Ramos Air Programs Branch US EPA, Region X

## **Public Testimony Pertinent to the Rulemaking Proposal and Department Evaluation**

- A1) A correction is needed to the numbering sequence of Division 34's definition section.**

### *Department Response*

The Department agrees with the comment and has made appropriate changes.

- A2) The air-to-fuel ratio value used in the definition of "woodstove" should be amended to be consistent with the value used in the federal woodstove certification program.**

### *Department Response*

The Department agrees with the comment and has revised the definition in order to be fully consistent with the definition used by the federal woodstove certification program.

- B) The definition of "Federal Regulations" as used in Division 34 should updated to reflect the most recent edition published in 1993.**

### *Department Response*

The Department agrees and has made the appropriate change.

Additional written comments were received regarding certain aspects of Division 34, but were not pertinent to the rulemaking proposal. These comments have been noted by the Department and will be considered in the near future.

**ATTACHMENT G**

**WRITTEN COMMENTS RECEIVED**



401 N. WYNNE ST.  
COLVILLE, WA 99114-2153

(509) 684-3745  
FAX (509) 684-2138

October 5, 1993

Mr. David Collier  
State of Oregon  
Department of Environmental Quality  
811 SW 6th Ave  
Portland, OR 97204

Dear Mr. Collier:

Please find attached my comments on the proposed revision of the Oregon Revised Statutes (ORS) that would revise the Oregon Woodstove Certification Program by eliminating the Oregon efficiency certifications requirement and replace it with the default federal efficiency number.

I request that my name be placed on the mailing list for this rule making proposal as is stipulated on page 2 of your memorandum dated August 30, 1993.

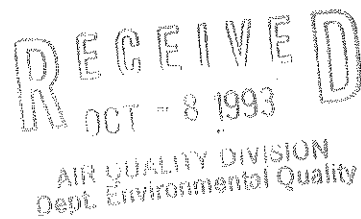
If you have any questions about these comments, some of which I have already discussed with you, feel free to call me anytime at (509) 684-5725.

Sincerely,

A handwritten signature in cursive script that reads "Alben T. Myren, Jr." with a small flourish at the end.

Alben T. Myren, Jr.  
Director of Research & Development

ATM:ksl  
Enc.





## TESTIMONY

My name is Alben (Ben) T. Myren, Jr., and I reside at 512 Williams Lake Road, Colville, WA 99114. Presently I am Director of Research and Development at Aladdin Steel Products, Inc., manufacturers of the Quadra-Fire line of wood and pellet stoves. Aladdin Steel's address is 401 N. Wynne, Colville, WA 99114, and the phone number is (509) 684-5725. Prior to taking this position, I was Woodstove Testing Coordinator at Energy and Environmental Measurement Corporation's (EEMC) EPA and DEQ accredited woodstove testing laboratory. My experience in woodstove testing dates from 1984 and I presented testimony at several meetings in Oregon during the rule making process, including the final adoption hearing before Oregon Environmental Quality Commission (EQC). Thus, I can safely state I probably have as much experience with the Oregon Wood Stove Certification Program as any other person in the industry today.

My comments are divided into several sections.

### I. Errata

- ✓ A. The numbering sequence under Definitions is in error if the format beginning with the original number 1 is to be followed consistently, specifically, the new number 3 (old number 4) should not receive any number designation, and 4 should become 3, 5 should become 4, etc.
- ✓ B. Definition 19 "Woodstove" part a. The EPA's criteria for the air to fuel ratio is 35:1, not 30:1 as stated.

### II. Substantiative Issues

#### A. Section 340-34-210, Home Seller's Responsibility to Verify Stove Destruction.

Would suggest amending this section to read as follows: "...a copy of a receipt from a scrap metal dealer or a retailer of certified woodstoves verifying that the stove has

either been destroyed or remitted for the purpose of receiving a reduction in price on a new residential heating system...."

This proposed change would be in keeping with Section 340-34-010(3)(b).

B. Section 340-34-015

Would like to add to this section a clause that would exempt clean burning woodstoves below 1.5 g/hr weighted average from the curtailment regulations, OAR 340-34-150 through 340-34-175. The DEQ has obviously made an assumption about the cleanliness of pellet stove performance in the field and exempted them from the curtailment regulations in 340-34-015(1)(c). The suggestion to exempt the very cleanest burning woodstoves is in keeping with the above exemption. This exemption mechanism is very important to Aladdin Steel Products, Inc., because Aladdin in conjunction with the United States Environmental Protection Agency (USEPA) via a Cooperative Research and Development Agreement (CRADA) is in the process of developing a wood stove that uses Gas Enhanced Wood Combustion (GEWC) to achieve a weighted average emission rate that is below 1.0 g/hr. Other typical noncatalytic units under development are achieving emission rates at or below two grams per hour. Thus, the curtailment exemption mechanism becomes very important to Aladdin and other manufacturers, as well as the consumers who buy our products, because of the incentive it provides us to continue to develop cleaner and cleaner burning units and to the consumer to buy and use a "super clean" woodburning unit, thus removing an older, dirtier unit from the airshed.

I thank you for the opportunity to present these comments and if anyone has any questions about these comments, please contact me at (509) 684-5725.

## Environmental Quality Commission

- Rule Adoption Item  
 Action Item  
 Information Item

Agenda Item D  
December 10, 1993 Meeting

**Title:**

Proposed Amendments to Solid Waste Management Rules for Uniform Application of Per-ton Solid Waste Fees to Waste Disposed of Outside of Oregon

**Summary:**

The proposed rule amendments would apply the existing per-ton solid waste disposal fee and Orphan Site Account fee to Oregon solid waste transported outside of Oregon for disposal, effective January 1, 1994. Total fees to be imposed are \$.94 per ton.

**Department Recommendation:**

Adopt the rules regarding uniform application of the solid waste disposal fees as presented in Attachment A of the staff report.

  
Report Author

  
Division Administrator

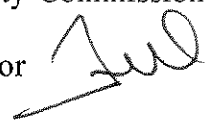
  
Director

November 19, 1993 †Accommodations for disabilities are available upon request by contacting the Public Affairs Office at (503)229-5317(voice)/(503)229-6993(TDD).

State of Oregon  
Department of Environmental Quality

Memorandum<sup>†</sup>

Date: November 23, 1993

To: Environmental Quality Commission  
From: Fred Hansen, Director   
Subject: Agenda Item D, December 10, 1993, EQC Meeting

Proposed Amendments to Solid Waste Management Rules for Uniform Application of Per-ton Solid Waste Fees to Waste Disposed of Outside of Oregon

**Background**

Oregon's current solid waste per-ton disposal fees apply to waste generated in Oregon and disposed of in Oregon. They do not apply to waste generated in Oregon and disposed of elsewhere. Since these fees provide solid waste services to all Oregonians, the Legislature determined that all producers of solid waste should pay them.

Senate Bill 1036 (SB1036) passed by the 1993 Legislature requires that the existing per-ton solid waste disposal fee and Orphan Site Account fee be applied uniformly to Oregon waste disposed of OUTSIDE the state of Oregon, beginning January 1, 1994.

On September 13, 1993, the Director authorized the Waste Management and Cleanup Division to proceed to rulemaking hearings on proposed rules which would require uniform application of these fees to solid waste transported out of the state of Oregon for disposal. The rule specifies at what point the fees are paid, and which persons are subject to the notification and reporting requirements.

Pursuant to the authorization, hearing notice was published in the Secretary of State's Bulletin on October 1, 1993. Notice was mailed to the mailing list of those persons who have asked to be notified of rulemaking actions, and to a mailing list of persons known by the Department to be potentially affected by or interested in the proposed rulemaking action on September 23, 1993.

Public Hearings were held on October 25, 1993 at 10 a.m. in Portland, and on October 26, 1993 at 10:30 a.m. in Ontario with Deanna Mueller-Crispin and Edward Liggett,

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<sup>†</sup>Accommodations for disabilities are available upon request by contacting the Public Affairs Office at (503)229-5317(voice)/(503)229-6993(TDD).

respectively, serving as Presiding Officers. The Presiding Officers' Reports (Attachment C) summarize the oral testimony presented at the hearing.

Written comment was received through November 1, 1993. A list of written comments received is included as Attachment D, together with Department staff's evaluation of the comments. Based upon that evaluation, no modifications to the initial rulemaking proposal are being recommended by the Department.

The following sections summarize the issue that this proposed rulemaking action is intended to address, the authority to address the issue, the process for development of the rulemaking proposal including alternatives considered, a summary of the rulemaking proposal presented for public hearing, a summary of the significant public comments, a summary of how the rule will work and how it is proposed to be implemented, and a recommendation for Commission action.

**Issue this Proposed Rulemaking Action is Intended to Address**

Solid waste disposed of in the State of Oregon, whether it comes from inside or outside<sup>††</sup> of Oregon, is subject to an \$.85 per-ton solid waste disposal fee (which will be reduced to \$.81 on January 1, 1994) to fund Department of Environmental Quality solid waste program activities. These activities include planning and recycling grants to counties and cities, statewide studies and planning efforts, recycling education and assistance, and waste minimization efforts. A \$.13 per-ton fee on all waste disposed of in Oregon is also paid to the state to fund the Orphan Site Account for cleanup of solid waste landfills.

SB1036 provides that "persons who transport solid waste out of Oregon for disposal at a disposal site that receives domestic solid waste" are subject to both of the above per-ton solid waste fees. Thus the per-ton fees to be applied to Oregon waste disposed of both inside and outside of the state will be as follows:

Per-ton solid waste disposal fee:	\$.81 per ton
Orphan Site Account fee:	_.13 per ton
Total:	\$.94 per ton

---

<sup>††</sup> A \$2.25 surcharge on disposal of out-of-state waste in Oregon became effective on January 1, 1991. However, the surcharge was subject to legal challenge. Until that is resolved, the per-ton disposal charge for in-state waste also applies to the disposal of out-of-state waste in Oregon.

SB1036 also provides that before transporting or arranging for transport out of state, a person must notify the Department in writing. It allows the Department to require certain reporting information. "Transport" is not defined in SB1036.

Rule adoption is required to implement the Legislature's decision, to clarify notification and reporting requirements and to avoid ambiguity regarding who the "transporter" of the solid waste is. Statutory language needs to be interpreted on how and where the fees are to be collected.

### Relationship to Federal and Adjacent State Rules

1. Federal. There are no federal requirements for per-ton solid waste fees. The rule is more stringent than federal requirements.
2. Adjacent States. Washington. The State of Washington has two taxes on solid waste. One is a 3.1% tax for "infrastructure repair" (charged on all utilities, including solid waste collection) which goes into a public works trust fund. The other is an additional 1% tax, or solid waste management fee. Proceeds from the solid waste management fee are deposited in the Solid Waste Management Account. This 1% tax was recently extended to July 1, 1995. Forty percent of the solid waste management fee goes to the Department of Ecology (DOE) to administer its solid waste program, and 60 percent goes to local governments for solid waste management grants. Both taxes are imposed where the waste first enters the system, in most cases on gross revenue from solid waste collection services. It is applied to waste from both the municipal and the commercial sectors. A person who self hauls to a landfill would pay a 4.1% tax based on the landfill's tipping fee. Waste that is eventually disposed of out of state would also be subject to these taxes at its point of entry into the waste system. Households may pay a range of \$84 to \$144 a year for solid waste collection; the total 4.1% tax translated to a per-ton amount would range from \$3.45 to \$5.91 a ton (assuming a household generates one ton of solid waste a year).

A recent statute requires out-of-state communities exporting waste to Washington for disposal to have waste reduction and recycling programs comparable to those required in Washington. DOE is required to review those programs, and to charge the importer of solid waste a fee sufficient to recover DOE's expenses in making that review.

*California.* California has a per-ton solid waste disposal fee that landfill operators pay quarterly into a state fund. Waste disposed of at municipal solid waste landfills is subject to the fee. Two previously separate fees have been consolidated, to become \$1.34 a ton beginning next July. The proceeds are divided among the California Integrated Waste Management Board (which manages solid waste), the California Water Board (which has authority over siting of solid waste landfills), and other purposes including market development.

*Nevada.* The State of Nevada does not collect a per-ton solid waste disposal fee.

*Idaho.* The State of Idaho does not collect a per-ton solid waste disposal fee.

#### **Authority to Address the Issue**

1993 SB1036, ORS 459.045

#### **Process for Development of the Rulemaking Proposal (including alternatives considered)**

The rule was developed with the help of a Task Force on Uniform Application of Solid Waste Fees, along with DEQ staff. The Task Force included representatives of interested groups as well as a representative of the general public. See Attachment E for membership. The Task Force met twice to develop concepts and review draft rule language. The proposed rule was also reviewed by the Solid Waste Advisory Committee (SWAC) at its October 7, 1993 meeting.

The main issue was designation of who was the "transporter" of the solid waste. The "transporter" is responsible for paying the fees and reporting to DEQ. Sometimes solid waste may be handled by more than one "person" in the course of its journey out of state. The Task Force considered several options as to which person in such a "chain" should be designated as the "transporter." Their recommendations were incorporated into the proposed rule.

**Summary of Rulemaking Proposal Presented for Public Hearing and Discussion of Significant Issues Involved.**

1. Definition of "Transporter."

The proposed rule takes a tack similar to Federal hazardous waste regulations in having the concept of "transporting" include the act of "arranging for transport." The rule has one regulated entity (the person who transports or arranges for transport of the solid waste) carry out all required notification, fee payment and reporting to the Department, concerning fees on Oregon solid waste transported out of the state for disposal at a landfill receiving domestic solid waste. This regulated entity could be any of the following, who are defined as "transporters" by the proposed rule:

- o A solid waste collection service or other person hauling solid waste, under an agreement, out of the state for disposal at a site receiving domestic solid waste.
- o A self-hauler, when a business or industry transports its own solid wastes out of state for disposal at a site receiving domestic solid waste.
- o An operator of a transfer station, where a municipality or other person takes solid waste to be further shipped for disposal out of state at a site receiving domestic solid waste.
- o A person contracting with a removal contractor (such as a DEQ-licensed service provider), when contaminated soils removed from cleanups are shipped out of state for disposal at a site receiving domestic solid waste.
- o A company transporting infectious wastes out of state for disposal at a site receiving domestic solid waste.

Note: Persons transporting their own residential solid waste out of state for disposal are not affected.

2. Fee payment schedule.

Fee payments would occur on the following schedule:



- o Quarterly, if the regulated entity transports solid waste out of state for disposal on an on-going basis.
- o No later than 60 days after disposal occurs, if the disposal is a single event (e.g. one-time cleanup of soil from an underground tank).

### **Summary of Significant Public Comment and Changes Proposed in Response**

The Department received no oral comments and only one written comment. The written comment did not pertain to the content of the proposed rule, so no changes to the rule were made in response to public comment. See Attachment D.

Department staff has reworded some parts of the rule for clarity, but has made no substantive changes from the draft presented at the public hearings.

### **Summary of How the Proposed Rule Will Work and How it Will be Implemented**

After January 1, 1994, persons who will transport solid waste generated in Oregon to a disposal site located outside of Oregon that receives domestic solid waste must:

1. Notify DEQ in writing before transporting the waste, using a form provided by the Department;
2. Pay DEQ a total of \$.94 a ton (solid waste disposal fee and Orphan Site Account fee) for that waste 30 days after the end of each calendar quarter; and
3. Report to DEQ the amount, type and county of origin of the solid waste, and the state where it was disposed of.

The Department is preparing notification and reporting forms, and is using various avenues to inform potentially affected persons of this requirement. Persons violating these requirements are subject to a civil penalty not to exceed \$10,000 for each day of violation. The focus of the Department's enforcement strategy will be to ensure that transporters of the largest amounts of waste are aware of and in compliance with the law. Ensuring compliance of one-time transporters of smaller amounts of waste would likely be subject to diminishing returns. See Attachment F, Rule Implementation Plan, for more detail.

Memo To: Environmental Quality Commission  
Agenda Item D  
December 10, 1993 Meeting  
Page 7

**Recommendation for Commission Action**

It is recommended that the Commission adopt the rule amendments regarding the uniform application of per-ton solid waste fees to waste disposed of outside of Oregon, as presented in Attachment A of the Department Staff Report.

**Attachments**

- A. Rule Amendments Proposed for Adoption
- B. Supporting Procedural Documentation:
  - 1. Legal Notice of Hearing
  - 2. Public Notice of Hearing (Chance to Comment)
  - 3. Rulemaking Statements (Statement of Need)
  - 4. Fiscal and Economic Impact Statement
  - 5. Land Use Evaluation Statement
- C. Presiding Officer's Report on Public Hearing
- D. Summary of Written Comments Received and Department's Evaluation of Public Comment
- E. Advisory Committee Membership
- F. Rule Implementation Plan
- G. SB1036

Approved:

Section: E. Patricia Vernon

Division: Mary Wahl

Report Prepared By: Deanna Mueller-Crispin

Phone: (503) 229-5808

Date Prepared: November 19, 1993

# Attachment A

## OREGON DEPARTMENT OF ENVIRONMENTAL QUALITY ADMINISTRATIVE RULES SOLID WASTE MANAGEMENT

### PROPOSED REVISIONS

11/5/93

Underlining indicates proposed new material.

~~[Brackets and strikethrough]~~ indicate proposed deletions.

### SOLID WASTE PERMIT AND DISPOSAL FEES

#### 340-97-110

- (1) Each person required to have a Solid Waste Disposal Permit shall be subject to the following fees:
  - (a) An application processing fee for new facilities. The amount equal to the application processing fee shall be submitted as a required part of any application for a new permit;
  - (b) An annual solid waste permit fee as listed in OAR 340-97-120(3); and
  - (c) The 1991 Recycling Act annual fee as listed in OAR 340-97-120(4).
- (2) In addition, each disposal site receiving domestic solid waste shall be subject to ~~[a]~~ the per-ton solid waste disposal fees on domestic solid waste as specified in OAR 340-97-120(5).
- (3) Out-of-state solid waste. In addition, each disposal site or regional disposal site receiving solid waste generated out-of-state shall pay a per-ton solid waste disposal fee as specified in OAR 340-97-120(6) or a surcharge as specified in OAR 340-97-120(7).
- (4) Oregon waste disposed of out-of-state. A person who transports solid waste that is generated in Oregon to a disposal site located outside of Oregon that receives domestic solid waste shall pay the per-ton solid waste disposal fees as specified in OAR 340-97-120(5).
  - (a) For purposes of this rule and OAR 340-97-120(5), a person is the transporter if the person transports or arranges for the transport of solid waste out of Oregon for final disposal at a disposal site that receives domestic solid waste, and is:
    - (A) A solid waste collection service or any other person who hauls, under an agreement, solid waste out of Oregon;
    - (B) A person who hauls his or her own industrial, commercial or institutional waste or other waste such as cleanup materials contaminated with hazardous substances;

- (C) An operator of a transfer station, when Oregon waste is delivered to a transfer station located in Oregon and from there is transported out of Oregon for disposal;
  - (D) A person who authorizes or retains the services of another person for disposal of cleanup materials contaminated with hazardous substances; or
  - (E) A person who transports infectious waste.
- (b) Notification requirement:
- (A) Before transporting or arranging for transport of solid waste out of the State of Oregon to a disposal site that receives domestic solid waste, a person shall notify the Department in writing on a form provided by the Department. The persons identified in subsection (4)(a) of this rule are subject to this notification requirement.
  - (B) The notification shall include a statement of whether the person will transport the waste on an on-going basis. If the transport is on-going, the person shall re-notify the Department by January 1 of each year of his or her intention to continue to transport waste out-of-state for disposal.
- (c) As used in this section, "person" does not include an individual transporting the individual's own residential solid waste to a disposal site located out of the state.
- (5) [(4)] Annual permit fees: The annual solid waste permit fee and, if applicable, the 1991 Recycling Act annual fee must be paid for each year a disposal site is in operation or under permit. The fee period shall be the state's fiscal year (July 1 through June 30) and shall be paid annually:
- (a) New sites:
    - (A) Any new disposal site placed into operation after January 1 shall not owe an annual solid waste permit fee or a 1991 Recycling Act annual fee until July 1 of the following year except as specified in paragraph [(4)(a)(B)] (5)(a)(B) of this rule;
    - (B) For a new transfer station or material recovery facility. For the first year's operation, the full annual permit fee shall apply if the facility is placed into operation on or before April 1. Any new facility placed into operation after April 1 shall not owe an annual fee until the Department's annual billing for the next fiscal year. An application for a new transfer station or material recovery facility shall include the applicable annual permit fee for the first year of operation.
  - (b) Existing sites. Any existing disposal site that is in operation or receives solid waste in a calendar year must pay the annual solid waste permit fee and 1991 Recycling Act annual fee, if applicable, as specified in OAR 340-97-120(3)(a) and 340-97-120(4) for the fiscal year which begins on July 1 of the following calendar year;
  - (c) Closed sites. If no solid waste was received in the previous calendar year and the site is closed, a solid waste permittee shall pay the annual solid waste permit fee for

closed sites as specified in OAR 340-97-120(3)(c);

- (d) The Director may alter the due date for the annual solid waste permit fee and, if applicable, the 1991 Recycling Act annual fee upon receipt of a justifiable request from a permittee.

(6) [~~5~~] Calculation of tonnages. Permittees are responsible for accurate calculation of solid waste tonnages. For purposes of determining appropriate fees under OAR 340-97-120(3) through (7), annual tonnage of solid waste received shall be calculated as follows:

- (a) Municipal solid waste facilities. Annual tonnage of solid waste received at municipal solid waste facilities, including demolition sites, receiving 50,000 or more tons annually shall be based on weight from certified scales after January 1, 1994. If certified scales are not required or not available, estimated annual tonnage for municipal solid waste will be based upon 300 pounds per cubic yard of uncompacted waste received, 700 pounds per cubic yard of compacted waste received, or, if yardage is not known, one ton per resident in the service area of the disposal site, unless the permittee demonstrates a more accurate estimate. For other types of wastes received at municipal solid waste sites and where certified scales are not required or not available, the conversions and provisions in subsection (b) of this section shall be used;
- (b) Industrial facilities. Annual tonnage of solid waste received at off-site industrial facilities receiving 50,000 or more tons annually shall be based on weight from certified scales after January 1, 1994. If certified scales are not required, or at those sites receiving less than 50,000 tons a year if scales are not available, industrial sites shall use the following conversion factors to determine tonnage of solid waste disposed of:
- (A) Asbestos: 500 pounds per cubic yard;
  - (B) Pulp and paper waste other than sludge: 1,000 pounds per cubic yard;
  - (C) Construction, demolition and landclearing wastes: 1,100 pounds per cubic yard;
  - (D) Wood waste: 1,200 pounds per cubic yard;
  - (E) Food waste, manure, sludge, septage, grits, screenings and other wet wastes: 1,600 pounds per cubic yard;
  - (F) Ash and slag: 2,000 pounds per cubic yard;
  - (G) Contaminated soils: 2,400 pounds per cubic yard;
  - (H) Asphalt, mining and milling wastes, foundry sand, silica: 2,500 pounds per cubic yard;
  - (I) For wastes other than the above, the permittee shall determine the density of the wastes subject to approval by the Department;
  - (J) As an alternative to the above conversion factors, the permittee may

determine the density of their own waste, subject to approval by the Department.

- (7) [~~6~~] The application processing fee may be refunded in whole or in part, after taking into consideration any costs the Department may have incurred in processing the application, when submitted with an application if either of the following conditions exists:
- (a) The Department determines that no permit will be required;
  - (b) The applicant withdraws the application before the Department has granted or denied preliminary approval or, if no preliminary approval has been granted or denied, the Department has approved or denied the application.
- (8) [~~7~~] Exemptions. Persons treating petroleum contaminated soils shall be exempt from the application processing fee for a Letter Authorization if the following conditions are met:
- (a) The soil is being treated as part of a site cleanup authorized under ORS 465 or 466; and
  - (b) The Department and the applicant for the Letter Authorization have entered into a written agreement under which costs incurred by the Department for oversight of the cleanup and for processing of the Letter Authorization must be paid by the applicant.
- (9) [~~8~~] All fees shall be made payable to the Department of Environmental Quality.
- (10) [~~9~~] Submittal schedule.
- (a) The annual solid waste permit fee shall be billed to the permittee by the Department, and is due annually by the date indicated on the invoice;
  - (b) The 1991 Recycling Act annual fee shall be billed to the permittee by the Department, and is due annually by the date indicated on the invoice;
  - (c) The per-ton solid waste disposal fees on domestic and out-of-state solid waste are not billed by the Department. They are due on the following schedule:
    - (A) Quarterly, on the 30th day of the month following the end of the calendar quarter; or
    - (B) On the same schedule as the waste volume reports required in the disposal permit, whichever is less frequent.
  - (d) The surcharge on disposal of solid waste generated out-of-state is not billed by the Department. It is due on the same schedule as the per-ton solid waste disposal fees above[-];
  - (e) The fees on Oregon solid waste disposed of out of state are due to the Department quarterly on the 30th day of the month following the end of the calendar quarter, or on the schedule specified in OAR 340-97-120(5)(d)(C). The fees shall be submitted together with a form approved by the Department, which shall include the amount of solid waste, type, county of origin of the solid waste, and state to which the solid

waste is being transported for final disposal.

## PERMIT FEE SCHEDULE

340-97-120

- (1) For purposes of ~~[this rule]~~ OAR Chapter 340, Division 97:
  - (a) A "new facility" means a facility at a location not previously used or permitted, and does not include an expansion to an existing permitted site;
  - (b) An "off-site industrial facility" means all industrial solid waste disposal sites other than a "captive industrial disposal site;"
  - (c) A "captive industrial facility" means an industrial solid waste disposal site where the permittee is the owner and operator of the site and is the generator of all the solid waste received at the site.
  
- (2) Application Processing Fee. An application processing fee shall be submitted with each application for a new facility, including application for preliminary approval pursuant to OAR 340-93-090. The amount of the fee shall depend on the type of facility and the required action as follows:
  - (a) A new municipal solid waste landfill facility, incinerator, energy recovery facility, composting facility for mixed solid waste, solid waste treatment facility, off-site industrial facility or sludge disposal facility:
    - (A) Designed to receive over 7,500 tons of solid waste per year: \$10,000;
    - (B) Designed to receive less than 7,500 tons of solid waste per year: \$5,000;
  - (b) A new captive industrial facility (other than a transfer station or material recovery facility): \$1,000;
  - (c) A new transfer station or material recovery facility:
    - (A) Receiving over 50,000 tons of solid waste per year: \$500;
    - (B) Receiving between 10,000 and 50,000 tons of solid waste per year: \$200;
    - (C) Receiving less than 10,000 tons of solid waste per year: \$100;
  - (d) Letter authorization[s] (pursuant to OAR 340-93-060): \$500;
  - (e) Before June 30, 1994: Hazardous substance authorization (Any permit or plan review application which seeks new or significant modification in authorization to landfill cleanup materials contaminated by hazardous substances):
    - (A) Authorization to receive 100,000 tons or more of designated cleanup material per year \$50,000;

- (B) Authorization to receive at least 50,000 but less than 100,000 tons of designated cleanup material per year \$25,000;
- (C) Authorization to receive at least 25,000 but less than 50,000 tons of designated cleanup material per year \$12,500;
- (D) Authorization to receive at least 10,000 but less than 25,000 tons of designated cleanup material per year \$ 5,000;
- (E) Authorization to receive at least 5,000 but less than 10,000 tons of designated cleanup material per year \$ 1,000;
- (F) Authorization to receive at least 1,000 but less than 5,000 tons of designated cleanup material per year \$ 250.

(3) Annual Solid Waste Permit Fee. The Commission establishes the following fee schedule including base per-ton rates to be used to determine the annual solid waste permit fee beginning with fiscal year 1993. The per-ton rates are based on the estimated solid waste received at all permitted solid waste disposal sites and on the Department's Legislatively Approved Budget. The Department will review annually the amount of revenue generated by this fee schedule. To determine the annual solid waste permit fee, the Department may use the base per-ton rates, or any lower rates if the rates would generate more revenue than provided in the Department's Legislatively Approved Budget. Any increase in the base rates must be fixed by rule by the Commission. (In any case where a facility fits into more than one category, the permittee shall pay only the highest fee):

- (a) All facilities accepting solid waste except transfer stations and material recovery facilities:
  - (A) \$200; or
  - (B) An annual solid waste permit fee based on the total amount of solid waste received at the facility in the previous calendar year, at the following rate:
    - (i) All municipal landfills, demolition landfills, off-site industrial facilities, sludge disposal facilities, incinerators and solid waste treatment facilities: \$ .21 per ton;
    - (ii) Captive industrial facilities: \$ .21 per ton;
    - (iii) Energy recovery facilities: \$ .13 per ton;
    - (iv) Composting facilities receiving mixed solid waste: \$ .10 per ton.
  - (C) If a disposal site (other than a municipal solid waste facility) is not required by the Department to monitor and report volumes of solid waste collected, the annual solid waste permit fee may be based on the estimated tonnage received in the previous year.
- (b) Transfer stations and material recovery facilities:
  - (A) Facilities accepting over 50,000 tons of solid waste per year: \$1,000;



- (B) Facilities accepting between 10,000 and 50,000 tons of solid waste per year: \$500;
- (C) Facilities accepting less than 10,000 tons of solid waste per year: \$50.
- (c) Closed Disposal Sites: Each landfill which closes after July 1, 1984: . . . . \$150, or the average tonnage of solid waste received in the three most active years of site operation multiplied by \$.025 per ton, whichever is greater; but the maximum annual permit fee shall not exceed \$2,500.
- (4) 1991 Recycling Act annual fee:
  - (a) A 1991 Recycling Act annual fee shall be submitted by each solid waste permittee which received solid waste in the previous calendar year, except transfer stations, material recovery facilities and captive industrial facilities. The Commission establishes the 1991 Recycling Act annual fee as \$.09 per ton for each ton of solid waste received in the subject calendar year;
  - (b) The \$.09 per-ton rate is based on the estimated solid waste received at all permitted solid waste disposal sites in the previous calendar year and on the Department's Legislatively Approved Budget. The Department will review annually the amount of revenue generated by this rate. To determine the 1991 Recycling Act annual fee, the Department may use this rate, or any lower rate if the rate would generate more revenue than provided in the Department's Legislatively Approved Budget. Any increase in the rate must be fixed by rule by the Commission;
  - (c) The Department shall bill the permittee for the amount of this fee together with the annual solid waste permit fee in section 3 of this rule. This fee is in addition to any other permit fee and per-ton fee which may be assessed by the Department.
- (5) Per-ton solid waste disposal fees on domestic solid waste. Each solid waste disposal site that receives domestic solid waste[,] (except transfer stations, material recovery facilities, treatment facilities and composting facilities), and each person transporting solid waste out of Oregon for disposal at a disposal site that receives domestic solid waste except as excluded under OAR 340-97-110(4)(c), shall submit to the Department of Environmental Quality the following fees for each ton of domestic solid waste received at the disposal site:
  - (a) A per-ton fee of 50 cents;
  - (b) From January 1, 1992 to December 31, 1993, an additional per-ton fee of 35 cents;
  - (c) Beginning January 1, 1994 the additional per-ton fee established in subsection (5)(b) of this rule shall be reduced to 31 cents;
  - (d) Beginning January 1, 1993, an additional per-ton fee of 13 cents for the Orphan Site Account.
  - (e) Submittal schedule:
    - (A) These per-ton fees shall be submitted to the Department quarterly, or on the same schedule as the waste volume reports required in the disposal permit, whichever is less frequent. Quarterly remittals shall be due on the 30th day

of the month following the end of the calendar quarter;

(B) Disposal sites receiving less than 1,000 tons of solid waste per year shall submit the fees annually on July 1, beginning in 1991. If the disposal site is not required by the Department to monitor and report volumes of solid waste collected, the fees shall be accompanied by an estimate of the population served by the disposal site[-];

(C) For solid waste transported out of state for disposal, the per-ton fees shall be paid to the Department quarterly. Quarterly remittals shall be due on the 30th day of the month following the end of the calendar quarter in which the disposal occurred. If the transportation is not on-going, the fee shall be paid to the Department within 60 days after the disposal occurs.

(f) As used in this rule and in OAR 340-97-110, the term "domestic solid waste" does not include:

(A) Source separated recyclable material, or material recovered at the disposal site; or

(B) Domestic solid waste which is not generated within this state.

(g) For solid waste delivered to disposal facilities owned or operated by a metropolitan service district, the fees established in this section shall be levied on the district, not on the disposal site.

(6) Per-ton solid waste disposal fee on solid waste generated out-of-state. Each solid waste disposal site or regional disposal site that receives solid waste generated out-of-state shall submit to the Department a per-ton solid waste disposal fee. The per-ton solid waste disposal fee shall be the sum of the per-ton fees established for domestic solid waste in subsections (5)(a), (b), (c) and (d) of this rule:

(a) The per-ton fee solid waste disposal fee shall become effective on the dates specified in section (5) of this rule and shall apply to all solid waste received after July 1, 1991;

(b) This per-ton solid waste disposal fee shall apply to each ton of out-of-state solid waste received at the disposal site, but shall not include source separated recyclable materials, or material recovered at the disposal site;

(c) Submittal schedule: This per-ton solid waste disposal fee shall be submitted to the Department quarterly, or on the same schedule as the waste volume reports required in the disposal permit, whichever is less frequent. Quarterly remittals shall be due on the 30th day of the month following the end of the calendar quarter;

(d) This per-ton solid waste disposal fee on out-of-state solid waste shall be collected at the first disposal facility in Oregon receiving the waste, including but not limited to a solid waste land disposal site, transfer station or incinerator, and remitted directly to the Department on the schedule specified in this rule;

(e) If, after final appeal, the surcharge established in section (7) of this rule is held to be valid and the state is able to collect the surcharge, the per-ton fee on solid waste generated out-of-state established in this section shall no longer apply, except for any

per-ton fee established pursuant to ORS 459.236, and the person responsible for payment of the surcharge may deduct from the amount due any fees paid to the Department on solid waste generated out-of-state under section (6) of this rule.

- (7) Surcharge on disposal of solid waste generated out-of-state. Each solid waste disposal site or regional solid waste disposal site that receives solid waste generated out-of-state shall submit to the Department of Environmental Quality a per-ton surcharge of \$2.25. This surcharge shall apply to each ton of out-of-state solid waste received at the disposal site:
- (a) This per-ton surcharge shall apply to all solid waste received after January 1, 1991;
  - (b) Submittal schedule: This per-ton surcharge shall be submitted to the Department quarterly, or on the same schedule as the waste volume reports required in the disposal permit, whichever is less frequent. Quarterly remittals shall be due on the 30th day of the month following the end of the calendar quarter;
  - (c) This surcharge shall be in addition to any other fee charged for disposal of solid waste at the site;
  - (d) This surcharge on out-of-state solid waste shall be collected at the first disposal facility in Oregon receiving the waste, including but not limited to a solid waste land disposal site, transfer station or incinerator, and remitted directly to the Department on the schedule specified in this rule.

oosswfee.fn1

Attachment B

**NOTICE OF PROPOSED RULEMAKING HEARINGS**

(Rulemaking Statements and Statement of Fiscal Impact **must** accompany this form.)

**AGENCY:** Department of Environmental Quality, Hazardous and Solid Waste Division

The above named agency gives notice of hearing.

**HEARINGS TO BE HELD:**

<b>DATE:</b>	<b>TIME:</b>	<b>LOCATION:</b>
October 25, 1993	10 am	Department of Environmental Quality Conference Room 3A 811 SW 6th Avenue Portland, Oregon
October 26, 1993	10:30 am	Malheur County Library 388 SW 2nd Avenue Ontario, Oregon

**Hearings Officers:** Deanna Mueller-Crispin (Portland) and Ed Liggett (Ontario).

Pursuant to the Statutory Authority of Senate Bill 1036, 1993 Legislature and ORS 459.045, the following action is proposed:

**ADOPT:**

**AMEND:** OAR 340-97-110 and OAR 340-97-120

**REPEAL:**

Prior Notice Given; Hearing Requested by Interested persons

No Prior Notice Given

**SUMMARY:**

The proposed rule would apply the existing per-ton solid waste disposal fee and Orphan Site Account fee to Oregon solid waste transported out of the state of Oregon for disposal, effective January 1, 1994. The fees are to be paid by the transporter of the solid waste. Total fees to be imposed are \$.94 per ton. The proposed rule specifies notification and reporting requirements, and how the fee is to be collected. The fee is required by 1993 Senate Bill 1036.

Interested persons may comment on the proposed rules orally or in writing at the hearing. Written comments received by 5 p.m., Monday, November 1, 1993. will also be considered. Written comments should be sent to and copies of the proposed rulemaking may be obtained from:

**AGENCY:** Department of Environmental Quality  
**ADDRESS:** Hazardous and Solid Waste Division  
811 S. W. 6th Avenue  
Portland, Oregon 97204

**ATTN:** Deanna Mueller-Crispin

**PHONE:** (503) 229-5808 or Toll Free 1-800-452-4011

*Deanna Mueller-Crispin* 9/13/93  
Signature Date

noticeoo.fee

Oregon Department of Environmental Quality

# A CHANCE TO COMMENT ON...

## Uniform Application of Per-ton Solid Waste Fees to Waste Disposed of Outside of Oregon

Date Issued:	9/24/93
Public Hearings:	10/25/93 10/26/93
Comments Due:	11/1/93

### WHO IS AFFECTED:

Persons, including solid waste collection services, transporting solid waste outside of the state of Oregon for disposal at a disposal site which receives domestic solid waste; operators of transfer stations which receive solid waste for shipment out of state for disposal; persons who contract with a removal contractor (such as a DEQ-licensed service provider) when contaminated soils are then shipped out of state for disposal; transporters of infectious waste who transport such waste out of state for disposal; persons generating solid waste which is transported out of Oregon for disposal. (Note: individuals transporting their own residential solid waste out of state for disposal are not affected.)

### WHAT IS PROPOSED:

The rule will implement Senate Bill 1036 passed by the 1993 Oregon Legislature requiring uniform application of the existing per-ton solid waste disposal fee and Orphan Site Account fee to Oregon solid waste even if it is disposed of OUTSIDE the State of Oregon. This goes into effect January 1, 1994. The per-ton fees to be applied to Oregon waste disposed of both inside and outside of the state will be as follows:

Per-ton solid waste disposal fee:	\$ .81 per ton
Orphan Site Account fee:	<u>.13</u> per ton
Total:	\$ .94 per ton

### WHAT ARE THE HIGHLIGHTS:

The rule clarifies how and where the fees are to be collected. Requirements for reporting to DEQ are spelled out. One regulated entity (the person who transports or arranges for transport of the solid waste) is required to carry out all required notification, fee payment and reporting



811 S.W. 6th Avenue  
Portland, OR 97204

11/1/86

### FOR FURTHER INFORMATION: - 1 -

Contact the person or division identified in the public notice by calling 229-5696 in the Portland area. To avoid long distance charges from other parts of the state, call 1-800-452-4011.

## Attachment B-3

State of Oregon  
DEPARTMENT OF ENVIRONMENTAL QUALITY

Rulemaking Proposal  
for  
Uniform Application of Per-ton Solid Waste Fees  
to Waste Disposed of Outside of Oregon

### Rulemaking Statements

Pursuant to ORS 183.335(7), this statement provides information about the Environmental Quality Commission's intended action to adopt a rule.

1. Legal Authority

Senate Bill 1036, 1993 Legislature and ORS 459.045

2. Need for the Rule

The 1993 Legislature passed Senate Bill 1036 requiring uniform application of the per-ton solid waste disposal fee and Orphan Site Account fee to Oregon solid waste transported outside of the state of Oregon for disposal. The Department's rules need to be amended to incorporate this change, and the statutory language needs to be interpreted as to how and where the fees are to be collected. The proposed rule specifies at what point the fees are paid and which persons are subject to the notification and reporting requirements.

3. Principal Documents Relied Upon in this Rulemaking

Senate Bill 1036, 1993 Oregon Legislature.

ORS 459.

Task Force on Uniform Application of Solid Waste Fees, summary of meetings held August 6 and August 20, 1993.

These documents are available for review during normal business hours at the Department's office, 811 S.W. Sixth Avenue, Portland, Oregon.

rmstm.fee



## Attachment B-4

State of Oregon  
DEPARTMENT OF ENVIRONMENTAL QUALITY

Rulemaking Proposal  
for  
Uniform Application of Per-ton Solid Waste Fees  
to Waste Disposed of Outside of Oregon

### Fiscal and Economic Impact Statement

#### Introduction

Senate Bill 1036 (SB1036) passed by the 1993 Legislature requires that existing per-ton fees on solid waste disposed of in Oregon also be applied to Oregon solid waste that is disposed of OUTSIDE of Oregon at disposal sites that receive domestic solid waste. The person who "transports" the solid waste is subject to the fee. SB1036 also imposes notification and reporting requirements. The proposed rule amendments specify at what point the fees are paid and which persons are subject to the notification and reporting requirements. The fee is effective January 1, 1994.

#### Statement of overall degree of economic impact

SB1036 requires uniform application of per-ton solid waste fees. It provides that all waste generated in Oregon and disposed of at a landfill that receives domestic solid waste, whether the landfill is located in Oregon or outside of the state, will be subject to the same per-ton fees. Effective January 1, 1994, those per-ton fees are as follows:

Per-ton solid waste disposal fee:	\$ .81 per ton
Orphan Site Account fee:	<u>.13</u> per ton
Total:	\$ .94 per ton

The Department estimates that approximately 40,000 tons of Oregon solid waste are now disposed of annually at out-of-state landfills which receive domestic solid waste. Over 95 percent of that tonnage is being received at one regional landfill located just across the Columbia River in Washington. At \$.94 per ton, that tonnage would amount to about \$39,500 in solid waste fees which would come to the Department of Environmental Quality (DEQ) from the "transporter" of the solid waste. The Department estimates that by 1995, 50,000 tons per year of solid waste may leave the state for disposal. Future amounts will

likely remain small but will depend upon Metro's fee structure on petroleum contaminated soil and how many of the state's smaller communities choose an out-of-state disposal site.

### **General Public**

Individuals hauling their own residential solid waste for disposal outside of Oregon are exempt from the fee. Only about 1,000 tons of municipal solid waste (mainly generated by the general public) are being disposed of out of state. This may increase as some smaller landfills in Oregon close, and local governments seek out-of-state waste disposal options.

DEQ assumes that each person generates about one ton of garbage a year, which would result in a monthly garbage fee increase of about eight cents per capita for persons who currently escape state solid waste fees by sending their waste to out-of-state landfills. These fees are already being paid, directly or indirectly, by all persons whose garbage is disposed of in Oregon.

### **Small Business**

Any small businesses sending solid waste out of state for disposal would be affected in the same way as the general public. However, the impact on businesses will be proportionately greater than for residential garbage customers, but the rate increase to businesses will still be relatively insignificant (less than 4 percent). A business that has to remove and clean up an underground storage tank may wish to ship the contaminated soils out of state for disposal. If such soils are taken to a disposal site receiving domestic solid waste, they would also be subject to the fees. This would add another \$470 to the \$40,000 cost of a typical cleanup of 500 tons of contaminated soil. Again, any person disposing of contaminated soil at an Oregon landfill is already subject to these fees.

Small companies in the business of transporting solid waste out of Oregon for disposal will be affected. Some examples are businesses that contract with hospitals to remove infectious waste, and solid waste collection services that deliver solid waste directly to an out-of-state landfill. The proposed rule also considers transfer stations that receive solid waste for further shipment out of state for disposal to be "transporters." "Transporters" of solid waste will be required to submit the per-ton fees to DEQ. They will likely pass the increase along to their customers. But the transporter will also incur some administrative costs in notifying DEQ that waste will be transported out of state for disposal, and in submitting the fee and required solid waste reporting information. DEQ intends to develop forms for notification and reporting to simplify these administrative tasks. A transporter might spend an extra six to 16 hours quarterly on recordkeeping and paperwork related to the new fees, depending on how much waste they transport. At an assumed personnel cost of \$15 per hour, that equals added costs of \$360 to \$960 a year.

## Large Business

Large business would be affected in the same way as small business. Waste going to an industrial waste disposal site or to a disposal site limited to construction and demolition wastes is exempt from these fees, whether disposed of in Oregon or transported out of state for disposal.

Some large businesses may haul their own waste out of state for disposal. If the solid waste is received at a disposal site receiving domestic solid waste, the large business' waste is subject to the fee. Such a business is the "transporter" and must comply with DEQ notification and reporting requirements. See above for discussion of related administrative costs.

## Local Governments

No local government currently has its municipal solid waste transported out of Oregon for disposal. Thus, nearly all municipal solid waste is already subject to equivalent per-ton fees, as it is disposed of at landfills in Oregon where such fees already apply. Therefore, if a local government decided to transport its waste out of state for disposal, the fees in the proposed rule would not constitute increased fees for the local government. The proposed rule would require the fee for such waste to be paid to DEQ by the transfer station from where the waste is transshipped out of state. The operator of the transfer station would incur increased administrative costs (transfer stations do not collect or pay the existing fees on disposal of waste in Oregon). See above Small Business section for discussion of administrative costs.

## State Agencies

Department of Environmental Quality. The Department anticipates revenues in the 93-95 biennium of about \$47,000. \$6,500 of this will go into the Orphan Site Account to assist with cleanup of domestic landfills with environmental problems. \$40,500 will be used for enhanced recycling activities and other Department expenses in administering the solid waste program.

DEQ is developing new forms and administrative procedures for collection of the new fees. These procedures will be different from those for existing fees, which are collected at permitted solid waste disposal facilities. Some additional accounting and data base work will be needed to track the fee receipts and modify reports. Some additional DEQ staff work will be required to identify potentially affected persons, notify them of the new requirements and provide them with appropriate DEQ forms. Work will be done by existing staff.

Other Agencies. Any state agencies transporting solid wastes out of state for disposal would see the same effects as businesses. However, none are foreseen at this time.

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State of Oregon  
DEPARTMENT OF ENVIRONMENTAL QUALITY

Rulemaking Proposal  
for  
Uniform Application of Per-ton Solid Waste Fees  
to Waste Disposed of Outside of Oregon

Land Use Evaluation Statement

**1. Explain the purpose of the proposed rules.**

The rulemaking would adopt rule amendments regarding the uniform application of the existing per-ton solid waste disposal fee and Orphan Site Account fee to Oregon solid waste transported OUTSIDE of the state of Oregon for disposal. This is required by 1993 Senate Bill 1036.

**2. Do the proposed rules affect existing rules, programs or activities that are considered land use programs in the DEQ State Agency Coordination (SAC) Program?**

Yes \_\_\_ No X

a. If yes, identify existing program/rule/activity:

b. If yes, do the existing statewide goal compliance and local plan compatibility procedures adequately cover the proposed rules?

Yes \_\_\_ No \_\_\_ (if no, explain):

c. If no, apply the following criteria to the proposed rules.

Staff should refer to Section III, subsection 2 of the SAC document in completing the evaluation form. Statewide Goal 6 - Air, Water and Land Resources is the primary goal that relates to DEQ authorities. However, other goals may apply such as Goal 5 - Open Spaces, Scenic and Historic

Areas, and Natural Resources; Goal 11 - Public Facilities and Services; Goal 16 - Estuarine Resources; and Goal 19 - Ocean Resources. DEQ programs or rules that relate to statewide land use goals are considered land use programs if they are:

1. Specifically referenced in the statewide planning goals; or
2. Reasonably expected to have significant effects on
  - a. resources, objectives or areas identified in the statewide planning goals, or
  - b. present or future land uses identified in acknowledged comprehensive plans.

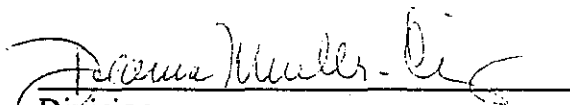
In applying criterion 2. above, two guidelines should be applied to assess land use significance:

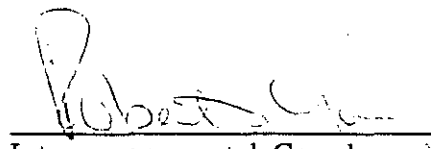
- The land use responsibilities of a program/rule/action that involves more than one agency, are considered the responsibilities of the agency with primary authority.
- A determination of land use significance must consider the Department's mandate to protect public health and safety and the environment.

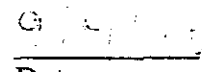
**In the space below, state if the proposed rules are considered programs affecting land use. State the criteria and reasons for the determination.**

The proposed rules apply only to solid waste disposal fees and do not affect any solid waste permitting or siting activities.

3. If the proposed rules have been determined a land use program under 2. above, but are not subject to existing land use compliance and compatibility procedures, explain the new procedures the Department will use to ensure compliance and compatibility.

  
Division

  
Intergovernmental Coord.

  
Date

State of Oregon  
Department of Environmental Quality

Memorandum

**Date:** October 25, 1993

**To:** Environmental Quality Commission  
**From:** Deanna Mueller-Crispin, Hearings Officer  
**Subject:** Report on Public Hearing held in Portland, Oregon on October 25, 1993, on Revision of Solid Waste Rules for Uniform Application of Per-ton Solid Waste Fees

On October 25, 1993, at 10:10 a.m. a public hearing was held on proposed amendments to the Department's solid waste management rules to implement uniform application of per-ton solid waste fees to waste disposed of outside of Oregon. The hearing was formally closed at 10:15 a.m.

**Number of Persons Participating:**  
(Sign-up sheet available upon request)

2 People attended the hearing  
0 Persons gave oral testimony

**Summary:**

No verbal testimony was given during the hearing. No written testimony was presented. Deanna Mueller-Crispin, hearings officer, conducted the formal hearing. Time was allowed for informal questions, but there were none.

pdxoossw.hrg

State of Oregon  
Department of Environmental Quality

Memorandum

Date: October 27, 1993

**To:** Environmental Quality Commission  
**From:** Edward Liggett, Hearings Officer  
**Subject:** Report on Public Hearing held in Ontario, Oregon on October 26, 1993, on Revision of Solid Waste Rules for Uniform Application of Per-ton Solid Waste Fees

On October 26, 1993, at 10:30 a.m. a public hearing was held on proposed amendments to the Department's solid waste management rules to implement uniform application of per-ton solid waste fees to waste disposed of outside of Oregon. The hearing was formally closed at 11:30 a.m.

**Number of Persons Participating:**  
(Sign-up sheet available upon request)

- 4 People attended the hearing
- 1 Person gave oral testimony

**Summary:**

Edward Liggett, hearings officer, conducted the formal hearing. Verbal testimony was offered by Robert Switzer, Ontario Mayor on behalf of Ontario City Manager, Al Brown. Mr. Switzer read directly from Mr. Brown's written statement which has been forwarded to Headquarters along with the taped verbal testimony.

Time was provided for an informal question and answer session.

Robert Schuster, City of Nyssa garbage collector, noted that the self-haulers who are exempt from paying the uniform fee often cause the City of Nyssa to expend City funds in enforcement of a local ordinance which prohibit excessive accumulation of waste on private property within city limits. Mr. Schuster is aware that the uniform fees are not used to reimburse local governments for the cost of enforcement of such ordinances. Mr. Schuster chose not to provide verbal testimony.

The Department responded to additional questions concerning solid waste regulatory matters which were not related to SB 1036.

Attachments: Written Testimony Submitted for the Record



LADIES AND GENTLEMEN:

My name is Al Brown and I am the City Manager for the City of Ontario Oregon. During the Legislative session where SB 1036 was discussed, I offered to our legislators the City of Ontario's concern regarding the imposition of the per ton tipping fee on out of state solid waste. Having voiced concern for the bill, I sat on the task force establishing procedures for implementation of the provisions of the bill.

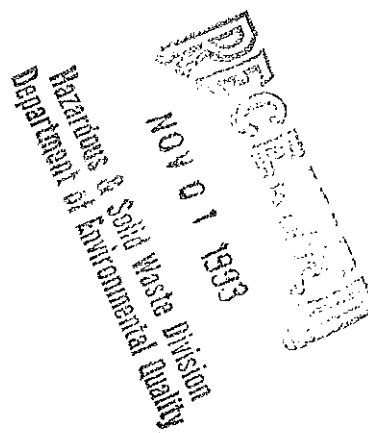
Having participated on the task force, I feel comfortable with the implementation procedures of SB1036 and its viability in Ontario. It is fairly certain that Ontario, and indeed all of Malheur County will face transportation of solid waste out of Oregon and into Idaho.

I do wish to, once again, voice concern that paying the fee to Oregon is one thing, paying the fee to two states is another. I have grave concern that the State of Idaho will quickly enact a per ton fee at the landfill, similar to Oregon. Should this happen, the citizens of Ontario will be paying two states fees for solid waste. As such, I encourage the Oregon Department of Environmental Quality to consider and prepare legislation for the next session that would acknowledge a reciprocal agreement with our surrounding states that would eliminate the double fee on the same solid waste.

Thank you for taking the time to come to Ontario.

Respectfully,

Al Brown, Ontario City Manager



ATTACHMENT D

State of Oregon  
Department of Environmental Quality

Memorandum

Date: November 4, 1993

**To:** Environmental Quality Commission  
**From:** Deanna Mueller-Crispin  
**Subject:** Summary of Public Comments and Response to Comments, Proposed Rulemaking on Uniform Application of Per-ton Solid Waste Fees

Public hearings were held on the proposed rules on October 25 and 26, 1993. A total of six people attended the hearings. One person gave oral testimony, reading directly from written testimony provided by Al Brown, City Manager of Ontario. That written testimony is appended to Attachment C. No other written testimony was received.

Below is a summary of the written comments, and the Department's response.

Al Brown, Ontario City Manager:

**COMMENT:** The City of Ontario will likely send its waste to a landfill located in Idaho. Concern was expressed that Idaho may enact a per-ton solid waste fee similar to Oregon's. If that happens, the citizens of Ontario will be paying solid waste disposal fees to two states. DEQ should prepare legislation creating a reciprocal agreement with surrounding states to eliminate any potential double fee on the same solid waste.

**RESPONSE:** This may be a legitimate concern. In fact, a "double fee" situation already exists with regard to solid waste originating in Washington which is disposed of in Oregon. Washington solid waste must pay a 4.1% tax in Washington, no matter where it is disposed of. If it is then disposed of in Oregon, it is also subject to the Oregon per-ton solid waste disposal fee and Orphan Site Account fee. Likewise, a "double fee" situation will exist after January 1, 1994 for any Oregon waste disposed of in California, where a state per-ton disposal fee is collected at landfills.

As Mr. Brown states, it would require legislative action to change the statute and address "double fees". In adopting SB1036, the 1993 Oregon Legislature expressed an intent to capture fees on all solid waste leaving the state of Oregon.

D - p. 1

Attachment E

TASK FORCE MEMBERS,  
UNIFORM APPLICATION OF SOLID WASTE FEES  
July 20, 1993

Members	Representing:
Alan Shields Public Utility Commission 550 Capitol St. NE Salem, OR 97310-1380 tel: 378-5985	PUC
Craig Lewis METRO 600 NE Grand Ave. Portland, OR 97232-2799 tel: 797-1700	METRO
Rick Paul Solid Waste Advisory Com 16240 SE Baxter Road Portland, OR 97326 tel: 761-3801	SWAC
Shirley Coffin 65 SW 93rd Ave. Portland, OR 97225 tel: 292-9338	public
Max Brittingham OSSI 1880 Lancaster Drive NE, Suite 120 Salem, OR 97305 tel: 1-800/527-7624 Fax: 588-1837	garbage haulers
Bill Greene Depart. of Land Development Services Columbia County Courthouse St. Helens, OR 97051 tel: 397-1501	county

Dan Field

Oregon Assn. of Hospitals  
4000 Kruse Way Place  
Lake Oswego, OR 97035  
tel: 636-2204

medical/infectious waste

Al Brown

City of Ontario  
440 SW 4th St.  
Ontario, OR 97914  
tel: 889-7684

city

Jerry Yudelson

Regional Disposal Company  
317 SW Alder, Suite 1185  
Portland, OR 97204  
tel: 248-2080  
fax: 248-2151

out-of-state landfill operator

Ginger Leach

Oregon Trucking Assn.  
5940 N. Basin Ave.  
Portland, OR 97217  
tel: 286-3517

truckers

taskf.fee

## Attachment F

State of Oregon  
DEPARTMENT OF ENVIRONMENTAL QUALITY

Rulemaking Proposal  
for  
Uniform Application of Per-ton Solid Waste Fees  
to Waste Disposed of Outside of Oregon

### Rule Implementation Plan

#### Summary of the Proposed Rule

The proposed rule amendments would apply the existing per-ton solid waste disposal fee and Orphan Site Account fee to Oregon solid waste transported OUTSIDE of the state of Oregon for disposal, effective January 1, 1994. To be subject to the fee, the waste must be disposed of at a solid waste site which receives domestic solid waste. The fees are to be paid by the transporter of the solid waste. Total fees to be imposed are \$.94 per ton. Persons must notify DEQ before transporting solid waste outside of Oregon for disposal. They must report to DEQ the amount and type of solid waste disposed of out of state.

The rule will affect any of the following who transport solid waste out of Oregon for disposal at a disposal site which receives domestic solid waste: persons transporting solid waste under an agreement, including solid waste collection services; self-haulers, when a business or industry transports its own waste; operators of transfer stations which receive solid waste for shipment out of state for disposal; persons who contract with cleanup contractors transporting cleanup materials contaminated with hazardous substances; transporters of infectious waste; and persons who generate solid waste which is transported out of Oregon for disposal. (Note: individuals transporting their own residential solid waste out of state for disposal are not affected.)

#### Proposed Effective Date of the Rule

January 1, 1994

## **Proposal for Notification of Affected Persons**

To notify potentially affected persons of the new requirements and make them aware of the upcoming rulemaking, the Department mailed information (Chance to Comment) directly to the following groups:

- o Operators of out-of-state municipal solid waste landfills identified as receiving solid waste from Oregon.
- o Local governments (counties and cities).
- o Registered Oregon infectious waste transporters.
- o Individual solid waste collection services and infectious waste haulers who transport waste out of state for disposal.
- o DEQ Underground Storage Tank (UST) program service providers.
- o Any known private haulers who transport their own non-residential waste for disposal out of state.
- o Persons interested in general solid waste issues.

The Department will also prepare articles for newsletters to reach additional groups:

- o UST licensed service providers and persons responsible for removing contaminated soils, through DEQ's "Tankline" publication.
- o Hospitals, through the Oregon Association of Hospitals newsletter.
- o Private and contract haulers, through newsletters of the Oregon Trucking Association, their counterpart in Washington, Oregon Public Utilities Commission (PUC) newsletter, etc.
- o Solid waste collection service operators, through the Oregon Sanitary Service Institute newsletter.
- o Local governments, through the Association of Oregon Counties newsletter.
- o Heating oil cleanup contractors, through the Oil Heat Institute's newsletter.

### **Proposed Implementing Actions**

The Department will issue press releases to notify the general public of the new requirements after the rule has been adopted. DEQ will develop a Fact Sheet with the new requirements, to be sent to potentially affected persons after the rule is adopted. DEQ will develop notification and reporting forms for use by persons required to pay the fee, and send copies to persons likely to be affected by the new requirement. DEQ will consider revising its Underground Storage Tank Program (UST) brochures and reporting forms to incorporate information on out-of-state disposal and publicize the notification, reporting and fee requirements.

The DEQ Business Office will set up procedures to receive and track these funds. Tonnages and destination (in-region: Washington and Idaho; or out-of-region) of waste disposed of out of state will be recorded on DEQ's existing Waste Reduction Section data base.

After January 1, 1994 persons transporting Oregon solid waste outside of Oregon for disposal will be responsible for notifying DEQ in writing before engaging in such transportation. They will be responsible for using a DEQ-approved reporting form to report tonnages of waste taken out of state, and to calculate the fees due DEQ. The fees will be due quarterly, or 60 days after disposal of the waste, if the transportation is a single event rather than on-going.

The Department will communicate with solid waste officials in adjacent states to keep them informed of the Oregon requirements, and share information when possible.

### **Proposed Training/Assistance Actions**

The Fact Sheets together with sample notification and reporting forms will be distributed to DEQ Regional and Headquarters staff so they can respond to questions from persons subject to the fee. Business Office personnel will be alerted to the new fee and reporting forms so the fees will be properly recorded and credited. DEQ UST and Leaking Underground Storage Tank staff will be kept informed about the program so they can in turn provide information to service providers.

The Department will continue to seek appropriate forums such as trade association meetings to inform potentially affected persons about the new fee requirements.

A-Engrossed  
**Senate Bill 1036**

Ordered by the Senate June 9  
Including Senate Amendments dated June 9

Sponsored by Senator G. SMITH (at the request of Oregon Waste Systems)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Establishes fees on solid waste [*collection service that transports solid waste*] transported out of state for disposal. Requires transporter of solid waste out of state to notify Department of Environmental Quality in writing. Exempts individual transporting own residential solid waste.

Takes effect January 1, 1994.

A BILL FOR AN ACT

1  
2 Relating to fees on solid waste transported out of state; amending ORS 459.236, 459A.110 and section  
3 92, chapter 385, Oregon Laws 1991; and prescribing an effective date.

4 Be It Enacted by the People of the State of Oregon:

5 SECTION 1. ORS 459.236 is amended to read:

6 459.236. (1) In addition to the permit fees provided in ORS 459.235, upon prior approval by the  
7 Executive Department and a report to the Emergency Board prior to adopting the fees, and annually  
8 on January 1, there is imposed a fee on all: ---

9 (a) Disposal sites that receive domestic solid waste except transfer stations; and

10 (b) Persons who transport solid waste out of the State of Oregon to a disposal site that  
11 receives domestic solid waste.

12 (2) The amount raised under subsection (1) of this section shall be up to \$1 million per year,  
13 based on the estimated tonnage or the actual tonnage, if known, received at the site or transported  
14 out of state for disposal and any other similar or related factors the commission finds appropriate.  
15 Such fees shall be within the budget authorized by the Legislative Assembly as that budget may be  
16 modified by the Emergency Board.

17 [(2)] (3) For solid waste generated within the boundaries of a metropolitan service district, the  
18 fee imposed under subsection (1) of this section, but not the permit fees provided in ORS 459.235,  
19 shall be levied on the district, not the disposal site.

20 (4) Before transporting or arranging for transport of solid waste out of the State of  
21 Oregon to a disposal site that receives domestic solid waste, a person shall notify the De-  
22 partment of Environmental Quality in writing.

23 [(3)] (5)(a) A local government unit that franchises or licenses a domestic solid waste site shall  
24 allow the disposal site to pass through the amount of the fees established by the commission in  
25 subsection (1) of this section to the users of the site.

26 (b) If a disposal site that receives domestic solid waste passes through all or a portion of the  
27 fees established by the commission in subsection (1) of this section to a solid waste collector who

NOTE: Matter in boldfaced type in an amended section is new; matter (*italic and bracketed*) is existing law to be omitted.  
New sections are in boldfaced type.



1 uses the site, a local government unit that franchises or licenses the collection of solid waste shall  
2 allow the franchisee or licensee to include the amount of the fee in the solid waste collection service  
3 rate.

4 [(4)] (6) Except as provided in subsection [(5)] (7) of this section, moneys collected under this  
5 section shall be deposited in the Orphan Site Account created under ORS 465.380 to be used to pay  
6 the costs of removal or remedial action of hazardous substances, in excess of the maximum amount  
7 collected under ORS 459.311 at:

8 (a) Solid waste disposal sites owned or operated by a local government unit; or

9 (b) Privately owned or operated solid waste disposal sites that receive or received domestic solid  
10 waste for which the department determines the responsible party is unknown, unwilling or unable  
11 to undertake any portion or phase of a removal or remedial action.

12 [(5)] (7) The moneys collected under this section, or proceeds of any bond sale under ORS  
13 468.195 for which moneys collected under this section are pledged for repayment shall be made  
14 available to a local government unit to pay removal or remedial action costs at a site if:

15 (a) The local government unit is responsible for conducting removal or remedial action under  
16 ORS 465.260; and

17 (b) The local government unit repays any moneys equal to the amount that may be raised by the  
18 charge imposed under ORS 459.311 and interest on such moneys, in accordance with an agreement  
19 between the local government unit and the department. A local government unit is not required to  
20 repay the first \$100,000 the local government unit expends on removal or remedial action.

21 [(6)] (8) As used in this section: [ ]

22 (a) "Domestic solid waste" has the meaning given that term in ORS 459A.100.

23 (b) "Person" does not include an individual who transports the individual's own residen-  
24 tial solid waste to a disposal site located out of the state.

25 (c) "Removal" and "remedial action" have the meaning given those terms in ORS 465.200.

26 **SECTION 2.** ORS 459A.110 is amended to read:

27 459A.110. (1) In addition to the permit fees provided in ORS 459.235, the commission shall es-  
28 tablish a schedule of fees for all:

29 (a) Disposal sites that receive domestic solid waste except transfer stations; and

30 (b) Persons who transport solid waste out of the State of Oregon to a disposal site that  
31 receives domestic solid waste.

32 (2) The schedule adopted under subsection (1) of this section shall be based on the estimated  
33 tonnage or the actual tonnage, if known, received at the site or transported out of state for dis-  
34 posal and any other similar or related factors the commission finds appropriate. The fees collected  
35 pursuant to the schedule shall be sufficient to assist in the funding of programs to reduce the  
36 amount of domestic solid waste generated in Oregon and to reduce environmental risks at domestic  
37 waste disposal sites.

38 [(2)] (3) For solid waste delivered to disposal facilities owned or operated by a metropolitan  
39 service district, the schedule of fees, but not the permit fees provided in ORS 459.235, established  
40 by the commission in subsection (1) of this section shall be levied on the district, not the disposal  
41 site.

42 [(3)] (4) The commission also may require submittal of information related to volumes and  
43 sources of waste or recycled material if necessary to carry out the activities in ORS 459A.120. For  
44 solid waste transported out of the State of Oregon for disposal, the required information may  
45 include the type of solid waste, the county of origin of the solid waste and the state to which

1 the solid waste is transported for final disposal.

2 (5) Before transporting or arranging for transport of solid waste out of the State of  
3 Oregon to a disposal site that receives domestic solid waste, a person shall notify the De-  
4 partment of Environmental Quality in writing.

5 ~~[(4)]~~ (6)(a) A local government that franchises or licenses a domestic solid waste site shall allow  
6 the disposal site to pass through the amount of the fees established by the commission in subsection  
7 (1) of this section to the users of the site.

8 (b) If a disposal site that receives domestic solid waste passes through all or a portion of the  
9 fees established by the commission in subsection (1) of this section to a solid waste collector who  
10 uses the site, a local government that franchises or licenses the collection of solid waste shall allow  
11 the franchisee or licensee to include the amount of the fee in the solid waste collection service rate.

12 ~~[(5)]~~ (7) The fees generated under subsection (1) of this section shall be sufficient to accomplish  
13 the purposes set forth in ORS 459A.120 but shall be no more than 50 cents per ton.

14 ~~[(6)]~~ (8) There shall be a fee on solid waste generated out of state. This fee shall be an amount  
15 equal to the sum of the fees established under subsection (1) of this section and ORS 459A.115 and  
16 shall be collected in the same manner as fees established under subsection (1) of this section and  
17 ORS 459A.115.

18 (9) As used in this section, "person" does not include an individual who transports the  
19 individual's own residential solid waste to a disposal site located out of the state.

20 SECTION 3. ORS 459A.110, as amended by section 91, chapter 385, Oregon Laws 1991, is  
21 amended to read:

22 459A.110 (1) In addition to the permit fees provided in ORS 459.235, the commission shall es-  
23 tablish a schedule of fees for all:

24 (a) Disposal sites that receive domestic solid waste except transfer stations; and

25 (b) Persons who transport solid waste out of the State of Oregon to a disposal site that  
26 receives domestic solid waste.

27 (2) The schedule adopted under subsection (1) of this section shall be based on the estimated  
28 tonnage or the actual tonnage, if known, received at the site or transported out of state for dis-  
29 posal and any other similar or related factors the commission finds appropriate. The fees collected  
30 pursuant to the schedule shall be sufficient to assist in the funding of programs to reduce the  
31 amount of domestic solid waste generated in Oregon and to reduce environmental risks at domestic  
32 waste disposal sites.

33 ~~[(2)]~~ (3) For solid waste delivered to disposal facilities owned or operated by a metropolitan  
34 service district, the schedule of fees, but not the permit fees provided in ORS 459.235, established  
35 by the commission in subsection (1) of this section shall be levied on the district, not the disposal  
36 site.

37 ~~[(3)]~~ (4) The commission also may require submittal of information related to volumes and  
38 sources of waste or recycled material if necessary to carry out the activities in ORS 459A.120.

39 (5) Before transporting or arranging for transport of solid waste out of the State of  
40 Oregon to a disposal site that receives domestic solid waste, a person shall notify the De-  
41 partment of Environmental Quality in writing.

42 ~~[(4)]~~ (6)(a) A local government that franchises or licenses a domestic solid waste site shall allow  
43 the disposal site to pass through the amount of the fees established by the commission in subsection  
44 (1) of this section to the users of the site.

45 (b) If a disposal site that receives domestic solid waste passes through all or a portion of the

1 fees established by the commission in subsection (1) of this section to a solid waste collector who  
2 uses the site, a local government that franchises or licenses the collection of solid waste shall allow  
3 the franchisee or licensee to include the amount of the fee in the solid waste collection service rate.

4 ~~[(5)]~~ (7) The fees generated under subsection (1) of this section shall be sufficient to accomplish  
5 the purposes set forth in ORS 459A.120 but shall be no more than 50 cents per ton.

6 (8) As used in this section, "person" does not include an individual who transports the  
7 individual's own residential solid waste to a disposal site located out of the state.

8 SECTION 4. Section 92, chapter 385, Oregon Laws 1991, is amended to read:

9 Sec. 92. If, after final appeal, the surcharge established by the Environmental Quality Commis-  
10 sion under ORS 459.297 is held to be valid and the state is able to collect the surcharge, any person  
11 subject to the surcharge shall pay the amount of the surcharge due for all solid waste generated  
12 out of state and accepted for disposal at the disposal site on and after January 1, 1991. However,  
13 the person responsible for payment of the surcharge may deduct from the amount due any fees paid  
14 under ORS 459A.110 ~~[(6) as amended by section 13 of this Act]~~ (8) on solid waste generated out of  
15 state.

16 SECTION 5. This Act takes effect January 1, 1994.  
17

---

# Environmental Quality Commission

- Rule Adoption Item
- Action Item
- Information Item

Agenda Item E  
December 10, 1993 Meeting

**Title:**

Request by Laurelwood Mission Training Center for Waiver of Water Quality Permit Compliance Fee

**Summary:**

Laurelwood Mission Training Center, a private boarding school in Washington County, has requested the Commission to waive the annual compliance determination fee for their sewage treatment permit for fiscal year 1994. The fee is \$608 and the Center claims they don't have the funds to pay it and accomplish all the repairs they would like to make to the Center.

They have a 20,000 gal/day secondary sewage treatment system with a holding pond and land irrigation. The system is antiquated and had fallen into disrepair. DEQ has inspected the facility and issued a notice of noncompliance this fiscal year. Significant progress has been made to resolve the items of noncompliance.

The Commission may reduce or suspend the annual compliance determination fee in the event of a proven hardship. Laurelwood Mission Training Center has not claimed that it cannot pay the fee, only that it wishes to reduce expenses as much as possible so that its limited funds will stretch as far as possible. The Department is sympathetic to Laurelwood's plight, but does not believe a hardship has been demonstrated that justifies waiver of the fee.

**Department Recommendation:**

It is recommended the Commission deny the request of Laurelwood Mission Training Center to waive their annual compliance determination fee.

Report Author

*Tom Bishop*  
Division Administrator

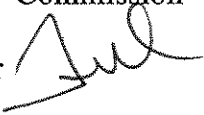
*Jell Hansen*  
Director

11/30/93 †Accommodations for disabilities are available upon request by contacting the Public Affairs Office at (503)229-5317(voice)/(503)229-6993(TDD).

State of Oregon  
Department of Environmental Quality

Memorandum<sup>†</sup>

Date: December 2, 1963

To: Environmental Quality Commission  
From: Fred Hansen, Director   
Subject: Agenda Item E, December 10, 1993, EQC Meeting

Request by Laurelwood Mission Training Center for Waiver of Water Quality Permit Compliance Fee

**Statement of the Issue**

Department rules require all persons with wastewater disposal permits to pay annual compliance determination fees. The revenue from these fees is used to help the Department defray the costs of reviewing discharge monitoring reports and inspecting wastewater treatment and disposal facilities. The rules also provide that the Commission may reduce or suspend the annual compliance determination fee in the event of a proven hardship. Because of a shortness of funds, Laurelwood Mission Training Center has requested the Commission to suspend the annual compliance determination fee for the fiscal year of July 1, 1993 to June 30, 1994. The amount due for this small facility is \$608.00. Except for on-site systems using subsurface disposal, this fee category is the smallest in the municipal fee schedule.

**Background**

Laurelwood Mission Training Center is a private boarding school in Washington County. They have an 20,000 gallons per day antiquated secondary sewage treatment system with a holding pond and land irrigation. The secondary school closed down a few years ago but more recently has started up as a small trade school. The amount of effluent being treated by the sewage treatment facility is much less than the original design. Because of the lack of attention received by the sewage treatment facility after the secondary boarding school closed, the sewerage system had fallen into disrepair. Inspection of the facility found the effluent disinfection system was not working and the flow meter was not operational. On September 28, 1993, a Notice of Non-Compliance (NON) was sent, listing the following items of non-compliance:

---

<sup>†</sup>Accommodations for disabilities are available upon request by contacting the Public Affairs Office at (503)229-5317(voice)/(503)229-6993(TDD).

Memo To: Environmental Quality Commission  
Agenda Item E  
December 10, 1993 Meeting  
Page 2

- (a) The flow measurements at the wastewater treatment plant have not been reported, as required by the permit.
- (b) Laurelwood Mission Training Center has failed to meet the operator certification requirements for the wastewater treatment plant.
- (c) Monitoring reports have been submitted late.

Since the NON was sent, the following has been done to resolve the items of non-compliance:

- (a) A flow measurement gauge has been installed.
- (b) Funds have been allocated by Laurelwood Mission Training Center for training of one of their employees to meet the Operator Certification requirements.

Note: The chlorinator had been repaired prior to the NON.

An item of non-compliance which was not addressed in the NON was their failure to pay their annual compliance determination fee for the current fiscal year. Because of their limited funds, they have requested the Department to suspend their fees for this year. The amount due is \$608.00.

#### **Authority to Address the Issue**

Oregon Administrative Rules (OAR) 340-45-070(2) state that "The Commission may reduce or suspend the annual compliance determination fee in the event of a proven hardship."

#### **Alternatives Available**

- The Commission may suspend the annual compliance determination fee for this fiscal year, as requested by the permittee.
- The Commission may reduce the annual compliance determination fee for this fiscal year. This could be a compromise position to that requested by the permittee.

Memo To: Environmental Quality Commission  
Agenda Item E  
December 10, 1993 Meeting  
Page 3

- The Director may alter the due date of the annual compliance determination fee. The fees are due during the month of July each year. This does not take Commission action.
- The Commission may deny the request. If this is done, the permittee still has the option of requesting a change in the due date or working out a payment schedule with the Department.

### **Evaluation and Conclusions**

Apparently, at the present time, the facility is operating without a sufficient funding base. They have already expended some funds in order to bring the facility into compliance with their permit. Some staff time has already been spent by DEQ on bringing the facility into compliance. Because of their willingness to correct the deficiencies, the amount of future staff effort during this fiscal year will probably not be great. Laurelwood Mission Training Center has not claimed that it cannot pay the fee, only that it wishes to reduce expenses as much as possible so that its limited funds will stretch as far as possible.

The Department is sympathetic to their plight especially because of the money they have had to expend to bring the system into compliance. However, many permittees have limited resources and express similar concerns. Since the fees are intended to fairly and equitably distribute a portion of the Department's regulatory costs to the regulated community, the Department has not viewed this as sufficient demonstration of a hardship to justify a waiver of fees.

### **Recommendation for Commission Action**

The Department cannot support Laurelwood Mission Training Center's request for waiver of the annual compliance determination fee and recommends it be denied.

We recognize their dilemma and the funds they have already expended to bring the facility into compliance, but in fairness to other fee payers who may also be facing economic difficulty, these facts are not convincing arguments for suspending the fee.

### **Attachments**

1. Notice of Non-compliance sent September 28, 1993.

Memo To: Environmental Quality Commission  
Agenda Item E  
December 10, 1993 Meeting  
Page 4

2. Letter from permittee requesting suspension of fees.

**Reference Documents (available upon request)**

1. Statutory Authority ORS 468.065
2. Applicable Rule(s) OAR 340-45-070

Approved:

Section: \_\_\_\_\_

Division: *Lionel Klickoff*

Report Prepared By: Lionel Klickoff

Phone: 229-6385 Ex.258

Date Prepared: November 22, 1993

LGK:CKA  
Laurelwood Academy, Inc./ File No. 49388  
December 2, 1993



September 28, 1993

NORTHWEST REGION

Dick Wolfsen  
Laurelwood Academy  
38950 SW Laurelwood Road  
Gaston, Oregon 97119

Re: WQ - Washington County  
Laurelwood Academy  
WQ-NWR-93-365  
NOTICE OF NONCOMPLIANCE

Dear Mr. Wolfsen:

Several items related to the wastewater treatment plant at Laurelwood Academy require immediate attention.

As the Academy was previously notified, the flow meter on the wastewater system is not working and requires immediate repair or replacement. The permit requires monitoring daily flow, and, if the flow is in excess of 2000 gallons per day, additional monitoring requirements are imposed and a plan shall be submitted to evaluate the system to ascertain that it is not becoming overloaded and that it is meeting permit requirements.

Laurelwood Academy is continuing to fail to meet the certification requirements for operation of the wastewater treatment plant. In a letter dated April 24, 1992, the request by Laurelwood Academy for an exemption to the rule was denied by the Department. No certified operator is presently supervising the operation of the wastewater treatment plant. Steven Desmond, Operator Certification Coordinator, Department of Environmental Quality, at 229-6824 must be contacted at once to rectify this matter.

The wastewater treatment plant monitoring reports have not been submitted promptly. In one instance, they were several months late. Flow measurements have not been included as I noted above.

The above violations represent a Class II violation. Oregon Administrative Rule 320-12-041(2)(c) provides that a permittee shall not receive more than three NONs for Class II violations of the same permit within a 36 month period without being issued a Notice of Permit Violation (NPV). If additional Class II violations occur, we shall refer these violations to

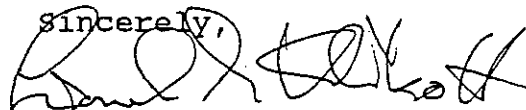


1500 SW First Avenue  
Suite 750  
Portland, OR 97201-5884  
(503) 229-5263  
DEQ-1

Dick Wolfson  
September 28, 1993  
Page 2

the Department's Enforcement Section for issuance of a NPV. The NPV is a formal enforcement action that requires you to submit one of the following within five working days of its receipt: (1) a certification of full compliance with all permit conditions; or (2) a detailed plan and time schedule demonstrating what steps will be taken to gain compliance, together with interim measures taken to reduce the impact of the violations, and a statement that the permittee has reviewed all of the conditions and limitations of the permit and is in compliance with the all other provisions.

In the past, Laurelwood Academy has not been responsive to the requirements of its WPCF permit. I trust that will change and that the Academy will rectify these matters immediately. Your cooperation is appreciated. If I can be of further assistance please do not hesitate to contact me at 229-6385 extension 258.

Sincerely,  


Lionel G. Klikoff  
Environmental Specialist

LGK:me  
cc: Glen Wintermeyer, Laurelwood Academy  
Water Quality Division: DEQ  
Enforcement Section: DEQ

# LAURELWOOD

MISSION TRAINING CENTER

State of Oregon

DEPARTMENT OF ENVIRONMENTAL QUALITY

RECEIVED  
OCT 07 1993

38950 S.W. Laurelwood Road  
Gaston, Oregon 97119

DL NWRO  
Telephone: 503-985-7511

October 6, 1993

Mr. Fred Hansen, Director  
DEQ  
811 SW 6th Ave  
Portland, OR 97204

OFFICE OF THE DIRECTOR

Dear Mr. Hansen:

I am writing to seek waiver of our annual compliance determination fee. Mr. Charles Ashbaker has directed me to you for this request.

Our request is very simple and to the point: Laurelwood Adventist Academy for many years served the youth of the Northwest in training them to be effective citizens. This educational institution was closed in June of 1985 and since then has been without routine or preventive maintenance of any kind. In December of 1990 this institution was donated to us to seek to restore it to a useful place in the education of the youth of the Northwest.

Our request is humbly made to seek to reduce our expenses and to do the absolutes such as saving money to replace all the roofs which are leaking, repair a boiler which had been neglected for many years, etc.

It is embarrassing to know that we are not in compliance with some of the permit requirements. I can assure you that it is not because we don't desire that. There is only money sufficient to do so much.

Our entire staff here is volunteer and we have just one goal: To restore Laurelwood Mission Training Center and to make it a place where God's name will be honored and the students will receive an education, such that they will be useful when they graduate. I have enclosed a brochure that tells briefly our worldwide work.

Your consideration of our request will be deeply appreciated.

Sincerely,

  
Glen M. Wintermeyer, M.P.R.  
Administrator

cc: Charles Ashbaker

Department of Environmental Quality  
Attn: Business Office  
811 S.W. Sixth Avenue  
Portland, OR 97204



Date Received: \_\_\_\_\_  
Amount Received: \_\_\_\_\_  
Check No.: \_\_\_\_\_

TO: Laurelwood Academy, Inc.  
38950 SW Laurelwood Road  
Gaston, OR 97119

# INVOICE

Number: WQ94DOM-0311  
Date: June 25, 1993

E-2

MIT NUMBER	ITEM OR REFERENCE	AMOUNT DUE	DATE DUE
101078 WPCF	Annual Water Quality Compliance Determination Fee For Source 49388/A (July 1, 1993 - June 30, 1994)  LAURELWOOD ACADEMY, INC., GASTON  Basis For Fee Amount: Non-overflow sewage lagoons  Total Fee: \$608  * If this source is no longer operating or covered by the permit indicated, please notify DEQ in writing, attention: Darlene Hoge, Water Quality Division, 229-5437.	\$608	07/31/93

**PAST DUE**  
SEP 02 1993

NOTE: Please return pink copy of this invoice with your remittance to ensure proper credit.

DEQ 55 - 11/86

September 28, 1993

Dick Wolfsen  
Laurelwood Academy  
38950 SW Laurelwood Road  
Gaston, Oregon 97119

Re: WQ - Washington County  
Laurelwood Academy  
WQ-NWR-93-365  
NOTICE OF NONCOMPLIANCE

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DEQ-1

Dick Wolfson  
September 28, 1993  
Page 2

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Sincerely,

A handwritten signature in black ink, appearing to read "Lionel G. Klikoff". The signature is written in a cursive style with some loops and flourishes.

Lionel G. Klikoff  
Environmental Specialist

LGK:me

cc: Glen Wintermeyer, Laurelwood Academy  
Water Quality Division: DEQ  
Enforcement Section: DEQ

# LAURELWOOD

MISSION TRAINING CENTER

State of Oregon

DEPARTMENT OF ENVIRONMENTAL QUALITY

RECEIVED  
OCT 07 1993

DL  
NWRO  
Telephone: 503-985-7511

38950 S.W. Laurelwood Road  
Astoria, Oregon 97119

October 6, 1993

Mr. Fred Hansen, Director  
DEQ  
811 SW 6th Ave  
Portland, OR 97204

OFFICE OF THE DIRECTOR

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Glen M. Wintermeyer, M.P.H.  
Administrator

cc: Charles Ashbaker

Department of Environmental Quality  
 Attn: Business Office  
 811 S.W. Sixth Avenue  
 Portland, OR 97204



Date Received: \_\_\_\_\_  
 Amount Received: \_\_\_\_\_  
 Check No.: \_\_\_\_\_

TO: Laurelwood Academy, Inc.  
 38950 SW Laurelwood Road  
 Gaston, OR 97119

# INVOICE

Number: WQ94DOM-0311  
 Date: June 25, 1993

E-2

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**PAST DUE**  
 SEP 02 1993

NOTE: Please return pink copy of this invoice with your remittance to ensure proper credit.

DEQ 55 - 11/86



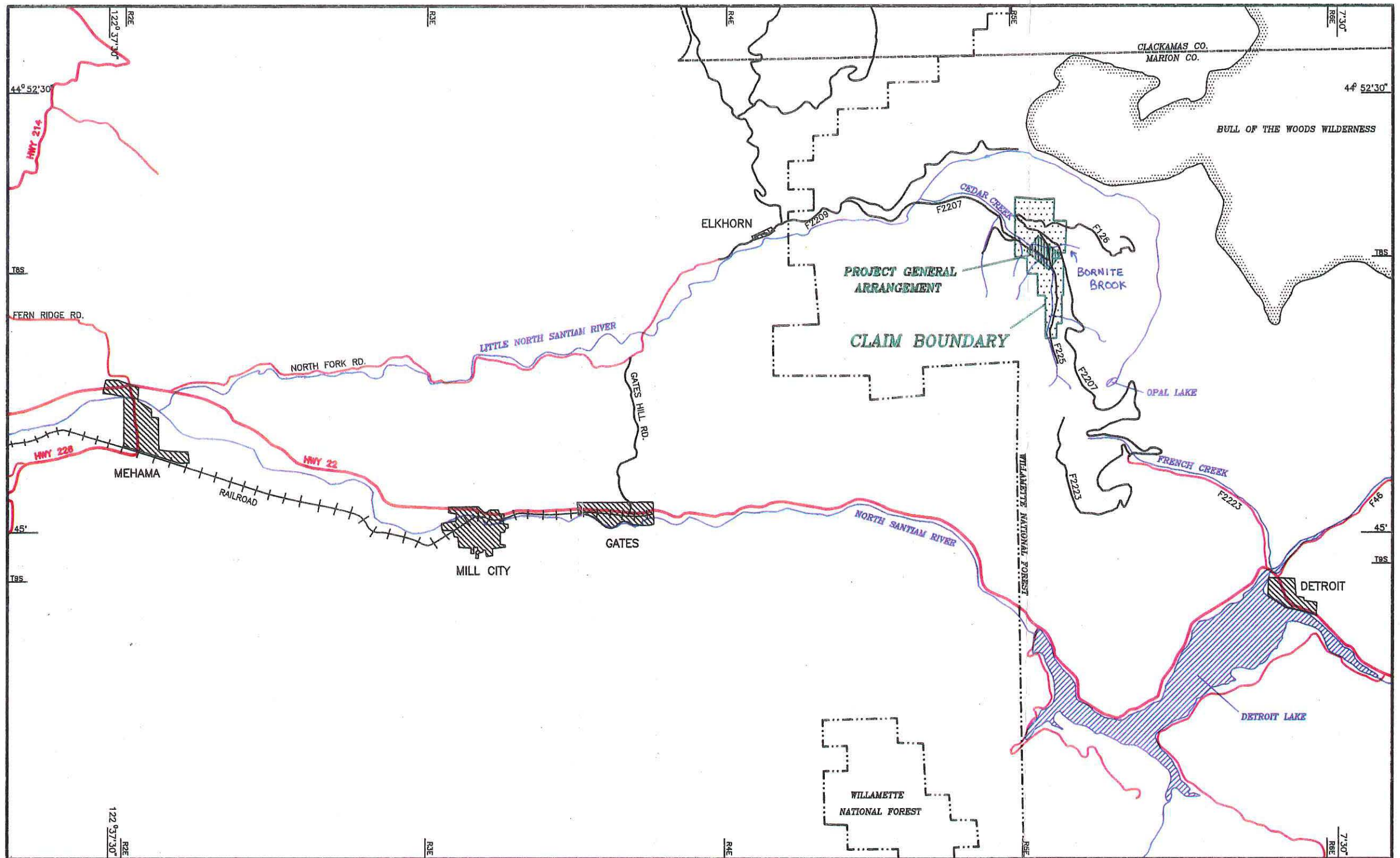
## ***ADDENDUM***

***To:*** Integrated Resource and Solid Waste Management Plan

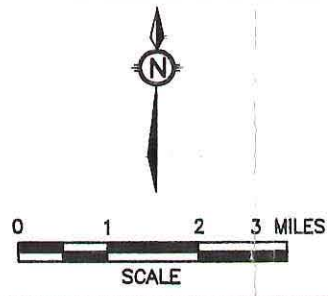
***Reference:*** Page 43 Item (h).

***Delete:*** Existing language.


***Replace with:*** Develop recommendations for the legislature on reliable solid waste management measurement techniques and appropriate goals for the system beyond 1995.



- LEGEND**
- HIGHWAY
  - PAVED ROAD
  - GRAVEL & DIRT ROADS
  - COUNTY BOUNDARY
  - NATIONAL FOREST BOUNDARY
  - WILDERNESS BOUNDARY
  - STREAM
  - + + + + + RAILROAD



PLEXUS, INC.  
**BORNITE PROJECT**  
 MARION COUNTY, OREGON  
 LOCATION MAP  
 PREPARED BY PLEXUS, INC.  
 FIGURE 2.2 MAY, 1991



Henry Weinhard's

THE BLITZ-WEINHARD BREWING COMPANY

TESTIMONY BY  
GARY L. CONKLING  
ON BEHALF OF  
BLITZ-WEINHARD BREWING COMPANY

IN SUPPORT OF  
OREGON'S INTEGRATED RESOURCE AND SOLID WASTE MANAGEMENT PLAN

December 10, 1993

Members of the Commission, I am Gary Conkling, here today representing Blitz-Weinhard Brewing Company in support of adoption of Oregon's Integrated Resource and Solid Waste Management Plan.

Blitz-Weinhard shares the vision of shifting values from throwaways to conservation, and we strongly support the plan's emphasis on waste prevention through product re-use.

As one of the earliest industry supporters of Oregon's Bottle Bill enacted in 1971, Blitz-Weinhard has attempted to keep faith with both the spirit and intent of that pioneering legislation as well as subsequent recycling legislation.

Today, Blitz-Weinhard and its sister company, Rainier Brewing Company in Washington, are among the last major brewers in the United States to use refillable bottles. Most beer bottles, including those used by our out-of-state competitors, are made of one-way glass that must be crushed, melted and remanufactured to create a new bottle.

Henry Weinhard's, Blitz and Rainier beer products are sold predominantly in bottles, while most other major brands have shifted to a larger percentage of aluminum cans.

We know -- and your solid waste management plan reinforces -- that our use of refillable bottles consumes fewer raw materials and less energy than either one-way glass bottles or aluminum cans.

Not only is our use of refillable bottles environmentally sound, it also makes good business sense. The money we save through use of refillable bottles helps us compete against larger out-of-state brewers.

Recently, several large retail grocery stores, in conjunction with Container Recovery Inc., have begun experimenting with a machine designed to automate the bottle return process in their stores and reduce the space needed to handle returned bottles.

After this machine accepts a bottle, it crushes it. That doesn't work for Blitz-Weinhard and Rainier because the only way we reimburse our wholesalers for the return deposit is when we actually get back the bottle, which we sterilize and re-use.

One retailer has circulated a letter to its various stores in Oregon indicating it will discontinue to sell Blitz-Weinhard and Rainier products in refillable bottles because we want the bottles back for re-use. In fact, our products in refillable bottles have been removed from more than one of this retailer's outlets.

Other retailers evaluating automated container return machines have stopped short of throwing our products off their shelves -- or crushing all returned bottles. But some also have sounded a note of warning that we may be forced in the future to switch to one-way glass bottles.

That's not the direction Blitz-Weinhard and Rainier want to follow.

Our preference for re-use is consistent with Oregon environmental laws dating back to 1983 that clearly make source reduction and product re-use a higher priority than recycling. That priority is clearly stated in the Integrated Resource and Solid Waste Management Plan that we are endorsing through this testimony today.

It strikes us as painfully ironic that at the very moment Oregon is emphasizing waste prevention, pressure is being applied on us to retreat from the use of refillable bottles. That irony is all the more troubling if our environmental retreat would be condoned by one of this state's flagship environmental statutes -- the Oregon Bottle Bill.

We are not attempting to stand in the way of efforts to make the container return process more efficient for retailers and consumers. But we don't want to be victimized by automation with the Hobson's choice of converting to one-way glass bottles or risk having our products taken off the shelf.

Blitz-Weinhard needs the support now of the Environmental Quality Commission and the Department of Environmental Quality to prevent this environmental retreat. We also need to work with you and others in exploring ways to bolster either the Bottle Bill or Oregon's recycling statutes to encourage rather than discourage the use of refillable bottles.

Step one is adoption of the Integrated Resource and Solid Waste Management Plan. Step Two is putting that plan into effect. We can't think of a more visible or compelling case than our use of refillable bottles to educate the public on the benefits of waste prevention through product-re-use.

Thank you for your consideration of our views.

## Environmental Quality Commission

- Rule Adoption Item  
 Action Item  
 Information Item

Agenda Item F  
December 10, 1993 Meeting

**Title:**

Proposed Adoption of State Integrated Resource and Solid Waste Management Plan

**Summary:**

The 1991 Oregon Recycling Act requires the Environmental Quality Commission (EQC) to adopt an Integrated Solid Waste Management Plan by January 1, 1994. The statute requires that the plan cover a ten year period and that address all facets of solid waste management.

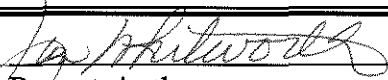
The proposed plan was developed over a two year period and incorporates the input of 13 local work groups, the Department's Solid Waste Advisory Committee, a state agency work group, and an industry and business work group.

The plan envisions a fundamental shift away from the bottom of Oregon's solid waste management hierarchy (disposal) to the top of the hierarchy (waste reduction). The hierarchy, which the plan is designed to follow, is: reduce, reuse, recycle, compost, energy recover, and dispose.

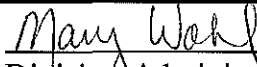
In addition to recommending a major emphasis on waste prevention, the plan also identifies local government and the private sector as primarily responsible for a functional solid waste system in Oregon, emphasizes market development and the need for recycling to be economically self-sustaining. The measurement of overall success will be a declining trend in per capita solid waste disposal.

**Department Recommendation:**

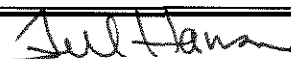
Adopt the State Integrated Resource and Solid Waste Management Plan as proposed in Attachment A of the staff report.



Report Author



Division Administrator



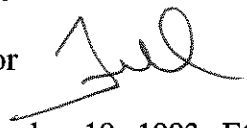
Director

November 23, 1993 †Accommodations for disabilities are available upon request by contacting the Public Affairs Office at (503)229-5317(voice)/(503)229-6993(TDD).

State of Oregon  
Department of Environmental Quality

Memorandum†

Date: November 23, 1993

To: Environmental Quality Commission  
From: Fred Hansen, Director   
Subject: Agenda Item F, December 10, 1993, EQC Meeting

Adoption of State of Oregon Integrated Resource and Solid Waste Management Plan, 1995 - 2005.

Statement of the Issue

In 1991 the Oregon Legislature determined that in order to make sound solid waste management policy decisions there is a need for Oregon to prepare and regularly update a statewide integrated solid waste plan. Waste generation continues to increase in Oregon and the nation. The United States generates twice the amount of waste per capita of any other industrialized nation. The impact is a decrease in natural resources and an increase in air, water and land pollution.

The plan takes an integrated view of solid waste management by evaluating and providing policy direction in five major areas - Education, Waste Prevention, Material Recovery, Residual Disposal, and System Management.

Solid Waste Management directions proposed are:

- \* A major waste prevention initiative in Oregon. Begin a voluntary program for a government and private sector partnership on waste prevention, i.e., not generating waste in the first place.
- \* A fundamental shift away from managing discarded and recovered materials as "waste", to managing discarded and recoverable material as valuable resources
- \* Self-sustaining recycling markets for the utilization of specific target materials that have been recovered from the waste stream.

---

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- \* An environmentally sound functional solid waste management system that provides accessible safe disposal of waste, optimum collection and utilization of recoverable materials, options for handling difficult to manage wastes, and informed and effective waste prevention.

### **Background**

The Integrated Resource and Solid Waste Management Plan for 1995 - 2005 proposes a fundamental shift in the way Oregon will approach solid waste management issues in the future. Solid waste will be viewed and treated as a resource with economic potential, rather than as a waste. The focus will be on waste prevention and preservation of natural resources -- the top of the solid waste management hierarchy -- rather than on management of the waste after it is produced. Waste generation occurs in the production, use and disposal of products. The environmental impacts -- depletion of natural resources, air, water, and land pollution, and waste generation -- occur at each stage.

This means it is imperative to change the way producers, consumers and governments view "waste". The Plan's VISIONS in the Year 2005 draw a picture of producers and consumers conserving valuable natural resources, and protecting the environment. This VISION is:

- \* Society shifts values from "throw away" to conservation.
- \* Producers and consumers move from generating waste to preventing waste.
- \* Government policies shift from regulation to education.
- \* Recycling and waste management industries become self-sustaining enterprises.

The Plan sets out an ambitious program for waste prevention that relies on a partnership among producers, consumers and government.

This plan attempts to address the "cause and effect" of waste generation and its impact on Oregon's natural resources and environment. The Plan makes a strong commitment to follow the solid waste management hierarchy -- reduce, reuse, recycle and dispose -- with decreasing priority placed on each step. To reflect the more comprehensive approach needed to address both waste generation and disposal the plan has been titled the "Oregon Integrated Resource and Solid Waste Management Plan".

The plan is designed to provide guidance to state and local government, the private sector, and citizens in making solid waste management decisions. It attempts to clarify roles and to ensure that there is an appropriate balance of responsibility and authority among various entities.

Significant Strategies Proposed in the Plan:

- Place a significant emphasis on waste prevention programs involving business, industry and government.
- Focus on national standards, rather than local standards, for labeling, minimum content, packaging and resource use policies.
- Improve local solid waste planning through technical assistance and guidance from the state. Cities and counties must work together on solid waste management.
- Seek funding to support local plan implementation.
- Manufacturers and retailers will participate in the management of the resulting waste from products made and sold.
- Evaluate the advance disposal fee (ADF) as an option to encourage waste prevention and provide a revenue source to support private and public waste prevention programs.
- Consider the applicability of mandatory collection of garbage and recyclables in local government jurisdictions. Encourage collection and funding systems that promote participation, education, broader rate base to support the system, concept that "generator pays", reduce air pollution and reduce energy consumption.
- Support the continuance of a single state tax credit program for recycling market development.
- Develop a strong environmental post-secondary education program in Oregon, with an emphasis on solid waste and resource management.

Key Roles in Solid Waste Management as Described in the Plan are:

- \* **State Government:**
  - Provide technical assistance and guidance to local government and business/industry.
  - Ensure public education on all aspects of waste management and waste as a resource.
  - Regulate and monitor disposal and material recovery.
  - Buy recycled products.



- Lead by example for waste prevention, material recovery, procurement policies and activities.
- \* **Local Government:**
  - Assure a functional solid waste management system.
  - Offer education and technical assistance to citizens and business/industry.
  - Regulate solid waste collection and material recovery.
  - Buy recycled products.
  - Lead by example for waste prevention, material recovery, procurement.
- \* **Business/Industry:**
  - Plan and implement waste prevention programs.
  - Participate in management of waste resulting from products made and sold.
  - Use secondary resources in manufacturing.
  - Buy recycled products.
  - Educate employees and consumers.
- \* **Citizens:**
  - Be stewards of the environment.
  - Demand and buy durable, repairable, and recycled products.
  - Communicate environmental concerns to manufacturers.
  - Be informed and make environmentally responsible choices.

THE PROPOSED PLAN IS CONTAINED IN ATTACHMENT A.

#### **Authority to Adopt a State Solid Waste Management Plan**

ORS 459A.020 requires the Commission to adopt a statewide integrated solid waste management plan by January 1, 1994.

This plan, as recommended, meets the conditions of this statutory requirement.

#### **Issues and Evaluation**

The following is a summary of the major areas of concern that were addressed throughout

the planning process. In most cases these are not issues of dissention, but areas where all concerned were in agreement that the plan needed to establish this direction for Oregon over the next ten years. These areas of statewide concern are outlined here because they are the most significant ones that came up during the development of the plan.

### **Emphasis on Waste Prevention**

The plan proposes a shift in solid waste management priorities from recycling and disposal to an increased emphasis on waste prevention. This emphasis was strongly supported by all of those involved in the planning process. Historically solid waste management has focused on disposal of waste. Disposal issues have been dealt with through a command and control approach to environmental management. Many solid waste management decisions in the past have been focused on the need for disposal capacity. From a statewide perspective, disposal capacity in Oregon is not presently an issue, nor will it likely be a problem for many years into the future. The bigger issue facing society today and in the future is that of resource conservation. One of the key approaches for improving our resource conservation efforts is to look at our production and consumption habits and find economically beneficial ways to produce, use and throw away "less stuff".

The waste prevention program, as proposed in the plan has the following key components:

- Voluntary participation by business, industry and government to plan and implement waste prevention measures.
- Education for the consumer on purchasing and product use.
- Pilot waste prevention projects from specific business and industry types and from state and local governments.
- Waste generators conduct waste audits, set goals, implement changes and measure waste reduced and economic benefits.
- State lead in providing technical assistance and information clearinghouse services.

It is time to implement a program that can realize resource and cost savings through waste prevention efforts. The plan supports and recommends this shift in focus for solid waste management.

### **Changing the Measure of Success**

State law contains a goal of 50% recovery from the general solid waste stream by the year 2000 and has established specific recovery rates for each county for the year

1995. The purpose of this goal and rates is to provide an incentive for local governments to improve local recycling programs and get valuable resources out of the waste stream for use as a resource in manufacturing processes.

The Plan recommends measuring statewide per capita disposal as a more accurate measure of overall success in material recovery/recycling and waste prevention efforts. This change in measurement is consistent with the broadening of emphasis to waste prevention efforts because just measuring recovery rates tends to encourage counties to focus only on recycling and disposal programs since reuse and reduction efforts do not "count" under the current measurement system.

Even though the plan recommends dropping the use of county specific legislatively mandated recovery rates as a compliance tool after 1995, the plan recognizes that recovery rates, disposal and generation trends are all important tools to evaluate the solid waste management system and make sound policy decisions. Therefore, required reporting and collection of data and information about materials recycled and recovered as well as disposed should continue. This information is essential to be able to analyze how programs can be improved and how we can have successful solid waste management over time. This information allows us to target problem areas and identify resources in the waste stream.

Using the more precise and consistent measurement of per capita disposal to measure success in solid waste management programs, while still maintaining the ability to utilize the county and statewide recovery data was supported by most people.

### **Local Solid Waste Planning**

Local solid waste planning is key to the ability of local governments to assure a functional solid waste system for its citizens. The plan encourages local government to utilize existing authority, seek the assistance and guidance of the state, and regularly review and anticipate solid waste issues and adopt solutions for local solid waste programs through an ongoing solid waste planning effort. It is essential that counties and cities within the counties work together. In some cases counties should consider planning for solid waste management together. The complexity and costs of solid waste management have grown immensely over last ten years and efficiencies can often realized through multi-jurisdictional cooperation.

The plan recommends a "carrot" approach over the "stick" approach to dealing with local solid waste management problems. Rather than recommend new legislation that would require local governments to do solid waste planning, the plan continues to

support existing legislation which says local governments are responsible for solid waste planning. The plan recommends that the state provide technical assistance, develop regulations, and seek legislative authority to use existing available grant dollars for plan implementation as a carrot to encourage integrated solid waste planning at the local level.

### **Mandatory Collection of Solid Waste and Recyclables**

The plan supports existing state policy which gives local governments the authority to determine if mandatory collection of solid waste and recyclables is appropriate for their jurisdiction. Throughout the development of this plan, the concept of mandatory collection in communities over a certain size was reviewed and discussed as a mechanism to address the following:

- Health and environmental issues related to illegal dumping.
- Place the cost of managing the waste on the individual who generates it.
- Spread the cost of a solid waste system more equitably across a broader base of generators.
- Help balance the funding of solid waste management systems by reducing the reliance on disposal tipping fees.
- Encourage more awareness of consumption and waste generation habits.

Information from other states indicates that communities with mandatory collection to have higher recovery rates for recycling. In Oregon only four communities have instituted mandatory collection, with mixed results. Because Oregon seems to have many communities which have allowed citizens to pay very low to no disposal costs while having convenient disposal, the proportion of people who self-haul their solid waste and recyclables is quite high. Because of the number of self-haulers and the low disposal costs it has been politically difficult for communities to pass ordinances requiring participation in collection services. During plan development comments and recommendations were split between seeking legislation that would mandate communities of a pre-determined size to have mandatory collection, and continuing to allow that decision to be made at the local level.

Because the character of the solid waste system is changing significantly, with disposal costs increasing, recycling increasing, landfills closing, and local governments reviewing their current systems, it was felt that the decision to institute mandatory collection should remain a local one. There are many variables in each

community and this decision needs to be evaluated in light of each community circumstance. The plan recommends leaving this decision to local governments and encourages the state to provide information and technical assistance to local governments so they can make the best decision for their jurisdiction. ATTACHMENT B provides background and analysis on this issue.

### **Funding the Plan**

During the public review process many concerns were raised regarding the funding for the initiatives and new responsibilities identified in the plan. The plan does not specifically identify resources or funding mechanisms for each strategy in the plan. The intent, in these difficult economic times, is to take a three pronged approach to funding the strategies laid out in the plan. 1) Set priorities and shift a portion of resources currently dedicated to recycling and disposal to waste prevention efforts; 2) Seek outside fund sources such as grants and foundation awards for technology and education initiatives; 3) Examine new funding approaches that have a direct relationship to the cost of services, cost of consumption, and/or the economic gains realized by waste prevention. This approach will involve creativity, risks, and decisions on the part of all participants responsible for implementing the strategies in this plan.

### **Summary of Any Prior Public Input Opportunity**

The development of the Integrated Resource and Solid Waste Management Plan has occurred during the last two years, January, 1992 to December, 1993. During this period, the State Solid Waste Advisory Committee (SWAC), thirteen Local Work groups (LWGs) representing all regions of the state, a State Agency Work group (SWG), and an Industry and Business Work group (IBWG) participated in the development of the plan being proposed for adoption. In addition to committee and work group meetings throughout the process, five public meetings were held in August, 1993 to discuss the proposed plan and receive public comment on the plan. ATTACHMENT C contains the announcement for the public meetings and summarizes the public comments and response to comments received. The Background Document for the plan includes appendices which lists the people involved in the committee and work groups that developed the plan.

The most frequent and major comments received from the public related to the following matters:

- Strong support for waste prevention efforts.
- Concern about costs of implementing the plan.
- Strong support for the education components.

- Opposition to legislatively required statewide mandatory collection.
- In rural areas of the state, concern about the rising cost of disposal.
- Need for viable markets for recyclable materials, especially in rural areas.

In addition to the public meetings, the Department also met with state agency representatives from Economic Development Department, Dept. of Higher Education, Dept. of Education, Parks and Recreation Department, Public Utility Commission, Department of Administrative Services and Department of Transportation. The strategies which specifically relate to these agencies were reviewed with them and modified according to input received from them.

### **Conclusions**

- \* The most effective approach to solid waste management is an integrated approach with major emphasis on waste prevention.
- \* Local government should remain the primary authority over local solid waste management planning and decision-making.
- \* State government's role should primarily be technical assistance, education, and regulation of disposal.
- \* Policies related to labeling, minimum content, and packaging are most effectively made and implemented at the national level.
- \* Material recovery and recycling should function as a self-sustaining economic enterprise to be successful. Business/industry and the generators of waste are primarily responsible for successful recycling programs and conservation of natural resources.

### **Recommendation for Commission Action**

It is recommended that the Commission adopt the Oregon Integrated Resource and Solid Waste Management Plan, 1995 - 2005, dated December, 1993 as presented in ATTACHMENT A of the Department Staff Report.

### **Next Steps**

1. Phased implementation of the plan over the next ten years.
2. Research and preparation of the 1996 plan update, which will focus on industrial solid waste information and issues.

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3. Two year progress review by the Commission in December, 1995.

**Attachments**

- A. Proposed Integrated Resource and Solid Waste Management Plan, 1995 - 2000.
- B. Mandatory Solid Waste Collection Analysis
- C. Summary of Public Comment and Response to Comment

**Reference Documents (available upon request)**

1. Statutory Authority, ORS 459A.020
2. Applicable Rules, OAR Chapter 340 Divisions 90,91, 93, 94, 95, 96, 97
3. Supporting Technical References, Oregon Integrated Resource and Solid Waste Management Plan 1995 - 2005, Background Document.

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Date Prepared: November 10, 1993

**OREGON  
S T A T E  
Integrated  
Resource &  
Solid Waste  
Management  
P l a n**

**1995-2005**

**December 1993**

**T h e P l a n**





# **Oregon State Integrated Resource & Solid Waste Management Plan 1995-2005**

## **The Plan**

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The Department would also like to acknowledge the help and input that was provided by the other state agencies in developing this plan. Special thanks to **Art Ayre** of the Economic Development Department, **Doug White** with the Department of Land Conservation and Development, and **Claudia Howells** of the Public Utilities Commission for the extra time they took to research and respond to issues related to recycling markets, local comprehensive land use plans, and solid waste transportation issues. All of the state agencies who participated in the planning process are listed in Appendix D of the Background Document.

The State Plan's project team wishes to thank **Joe Hertzburg**, of Decisions Decisions, who did such an excellent job of facilitating the workshop that resulted in the outstanding vision for the future of solid waste management in Oregon. The team would also like to recognize **Pat Vernon**, Manager of the Department's Solid Waste Policy and Programs Section, for her support and commitment throughout the planning process. A big "thank you" to all the **staff from the Department's Solid Waste Program** for their contributions to the plan. A special thanks to:

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# **OREGON STATE INTEGRATED RESOURCE & SOLID WASTE MANAGEMENT PLAN**

Oregon adopted a Solid Waste Management Plan in 1979, required under the federal Resource Conservation and Recovery Act (RCRA). The plan set clear priorities for managing both municipal solid waste and hazardous waste. During the next ten years, the state's municipal solid waste efforts concentrated on closing dumps, bringing landfills into compliance, and increasing residential recycling participation. With these programs underway, it was clear in the 1991 legislative session that a state plan was needed for integrating the facets of waste generation, recycling and disposal in the next decade.

The 1991 Oregon Recycling Act requires the Environmental Quality Commission, DEQ's governing board, to adopt an Integrated Solid Waste Management Plan by January 1, 1994. The statute also requires that the plan cover a ten-year period and that it address all facets of solid waste management. A review of solid waste planning issues is mandated by law every two years and the plan is required to be updated as needed.

Development of the plan was a two-year process. To solicit a range of public input, DEQ staff organized 13 local work groups comprised of both public and private solid waste and recycling professionals and interested local citizens. At the outset of the planning process, staff met with these groups to assess critical solid waste issues that needed to be addressed in the plan. The local work groups were instrumental in keeping urban and rural issues identified separately

and ensuring that the plan included measures to address them. The local work groups met three times and received all DEQ mailings related to the plan.

The Department's Solid Waste Advisory Committee provided invaluable input and review into the overall policy direction for the plan and its goals, objectives and strategies.

Early on it became clear that there were critical issues to include in a planning document. Because statute requires biennial review of the plan, staff and advisors agreed that the first edition of the plan would focus on municipal solid waste issues related to education, source reduction, recycling, and residual waste policies. Analysis of industrial solid waste and special wastes will be performed in the first review period after adoption. The plan will be updated in 1996 to include objectives and strategies on industrial solid waste.

The plan is specifically designed for use as a guidance document for state and local government, the private sector, and citizens in making solid waste management decisions and for future legislation. The plan also provides a resource for state and local government, and defines roles for state and local government as well as the private sector. Where "Responsible Party" is indicated under each strategy, the party identified is the one who appears to be the most appropriate to take the lead. Every attempt was made to clarify roles and to ensure that there is an appropriate balance of responsibility and authority among various entities.

Just as state solid waste management decisions cannot be made in isolation, today local issues extend far beyond the borders of cities and counties. Local jurisdictions can explore program options and consolidation of resources through countywide or regional comprehensive planning. This process is key to the Oregon's ability to provide an economical and environmentally sound, integrated management system.

What follows is the most comprehensive view of Oregon's solid waste management system, practices and traditions to date. It is the first integrated solid waste management plan prepared by the state and provides a new direction for

waste management in Oregon as we enter the 21st century. The plan endorses a fundamental shift away from managing waste and recyclables recovered from waste. The preferred view in the plan is that natural resources, recycled materials and even the "left over" waste represent valuable resources and should be managed as such.

When accomplished, the proposed efforts will reduce unnecessary waste at the source. Recoverable materials are not viewed or handled as waste but are reused, repaired, recycled, composted, and provide energy recovery when technologically and economically feasible. Difficult to manage wastes are isolated for special handling, treatment and disposal. Residual waste from the reduction and recycling efforts are landfilled in "state of the art" facilities for safe, economical disposal. These efforts move solid waste management from disposal-based into the realm of natural resource use and product manufacturing. This document sets out a framework for such an Integrated Resource and Solid Waste Management System.



## Vision 2005

Oregon has a history and reputation for creativity in solving environmental problems and protecting the environment. The State Integrated Resource and Solid Waste Management Plan seeks to continue that leadership by providing Oregon citizens with a vision to the year 2005 and by identifying the tools needed to realize this vision.

The value of resource conservation as a priority to protect the well-being of the public and our environment is promoted in this plan. It endorses a fundamental shift away from managing "garbage" (waste materials without value) to managing valuable natural resources, secondary resources and residuals. It changes traditional terminology from "solid waste management" to *integrated resource and solid waste management* in order to accurately reflect the shift.

The Plan has been developed by DEQ, a Solid Waste Advisory Committee, (a state agency work group,) 13 local work groups, and through statewide public meetings. Participants included citizens, industry, local governments, haulers, recycling, environmental groups, and appropriate state agencies.

Implementation of the plan is intended to occur over a ten-year time frame. Each strategy indicates a time frame for implementation of first third, second third, and third third. These time frames relate to the sequence of implementation over the ten-year period of the plan.



Throughout the development of the plan, it has been recognized that certain strategies will require new revenue sources to implement while others can be implemented by redirecting existing resources. In addition to the traditional funding and incentive approaches such as solid waste disposal and collection fees and tax credits, funding approaches including federal research and technology transfer grants, advance disposal fees, foundation grants, fees on recycling, energy taxes, and taxes on virgin material use may be considered. It will be important for those responsible for implementing the strategies contained in this plan to be innovative and creative in using and finding resources to accomplish the objectives.

## **MISSION**

**Citizens of Oregon work together to protect the public health and our environment by:**

- ◆ Conscientiously reducing waste;
- ◆ Diminishing per capita waste generation;
- ◆ Managing resources and residuals cost-effectively and in an environmentally sound manner; and
- ◆ Financially supporting a convenient waste and resource management system.

## VISION

### YEAR 2005

The citizens of Oregon have made a value shift from a "throw-away" society to a conservation society.

## GETTING THERE

### Citizens Will:

- ◆ Buy products that are durable, reusable, repairable, recycled or recyclable;
- ◆ Tell manufacturers citizens prefer products that are durable, reusable, repairable, recycled and recyclable; and
- ◆ Act as a "watchdog" to ensure government and business promote conservation.

### Business Will:

- ◆ Conserve natural resources, reduce consumption and use secondary resources;
- ◆ Make and market products that are durable, reusable, repairable, recycled or recyclable; and
- ◆ Ensure consumers convenient opportunities to have products repaired.

### Government Will:

- ◆ Place an emphasis on source reduction, market demand and policy initiatives; and

- ◆ Lead through example by purchasing products that are durable, reusable, repairable, recycled or recyclable.

## VISION

YEAR 2005

The citizens of Oregon are stewards of the environment. They actively **SOURCE REDUCE, REUSE, AND RECYCLE** materials before they dispose of them.

## GETTING THERE

### Citizens Will:

- ◆ Perform self-assessments to identify areas for source reduction, reuse, recycling, and composting;
- ◆ Source reduce, reuse, recycle, and compost;
- ◆ Buy goods and services from businesses that practice source reduction and recycling; and
- ◆ Participate in local programs for recycling and composting.

### Business Will:

- ◆ Perform self-assessments to identify areas for source reduction, reuse and recycling;
- ◆ Source reduce, reuse and recycle;
- ◆ Utilize secondary resources in manufacturing processes;
- ◆ Buy goods and services from suppliers who practice source reduction and recycling; and

- ◆ Participate in local programs for recycling and composting.

**Government Will:**

- ◆ Perform self-assessments to identify areas for source reduction, reuse and recycling;
- ◆ Source reduce, reuse and recycle;
- ◆ Buy goods and services from businesses that practice source reduction and recycling;
- ◆ Support federal legislation aimed at national standards for achieving source reduction;
- ◆ Participate in development of national policies regarding definitions, purchasing, labelling, and content standards;
- ◆ Establish Recycling Enterprise Zones; and
- ◆ Participate in local programs for recycling and composting.

**VISION**

**YEAR 2005**

**Education, not regulation, is the primary means of affecting citizens' environmental stewardship and promoting conservation of our resources.**

## GETTING THERE

### Citizens Will:

- ◆ Educate by good example; and
- ◆ Participate in educational opportunities at home, work and in the community.

### Business Will:

- ◆ Educate by good example;
- ◆ Educate consumers on the production and use of their products;
- ◆ Educate employees about source reduction and recycling in the workplace;
- ◆ Foster company values for conservation of natural resources;
- ◆ Support and cooperate in programs that promote resource conservation and environmental stewardship to consumers; and
- ◆ Accurately label, promote, and sell recyclables and recycled content products.

### Government Will:

- ◆ Educate by good example;
- ◆ Help consumers communicate to manufacturers the need for products that are recyclable, durable, repairable, and have reduced toxicity;
- ◆ Provide curricula and training materials for kindergarten through college students;
- ◆ Institute research and development activities at colleges and universities;

- ◆ Develop information and materials to foster resource conservation by businesses and citizens; and
- ◆ Educate citizens on the need for integrated resource and solid waste management.

## VISION

### YEAR 2005

**Secondary resource and residual waste management are self-sustaining operations with limited need for direct government intervention.**

## GETTING THERE

### Citizens Will:

- ◆ Pay for consumption by financially supporting safe management of resource and residual materials.

### Business Will:

- ◆ Adopt the vision of resource conservation in business practices and thereby minimize the need for government intervention; and
- ◆ Financially support safe management of resource and residual materials.

## Government Will:

- ◆ Provide citizens the opportunity to recycle and dispose of waste;
- ◆ Develop local plans which give citizens services that are safe, affordable and convenient;
- ◆ Assure that Oregon has sufficient, safe and convenient disposal capacity; and
- ◆ Implement funding alternatives for secondary resource and residual collection and disposal which will spread the cost of solid waste management broadly throughout the system.

## VISION

### YEAR 2005

**Public and private decisions about how products are manufactured and used and how residual waste is disposed are made in the best interests of public and environmental health.**

## GETTING THERE

### Government, Business and Citizens Will:

- ◆ Take responsibility for individual behavior and be aware of how daily actions affect the quality of Oregon's air, water and land.

## OBJECTIVES & STRATEGIES

This part of the plan outlines the objectives and strategies for achieving the vision. It is organized into five primary areas - Education, Source Reduction, Material Recovery, Residual Disposal, and System Management. For each strategy a lead responsible party is identified. Other entities who will play a key role in seeing that the strategy is accomplished are identified as resources. The timeline for achieving the strategy is described as "first third", "second third" or "third third". This is intended to define a general time and sequence for implementation during the ten year period of the plan, between 1995 and 2005. Where local government is referenced in the plan it means cities, counties and metropolitan service districts as appropriate for the identified strategy and in accordance with existing authorities and responsibilities. It is important to recognize that successful plan implementation can only occur if all parties identified in the plan take responsibility for their role and actively participate in implementation of the strategies.



# EDUCATION

## Problem Summary

The cost of generating waste is ultimately borne by everyone. In order to make sound purchasing and business decisions, people must be made aware of the social, environmental and economic impacts of our "throw-away" society. These include such things as the short- and long-term costs of disposal, effects on natural resource availability and conservation, as well as national and international business competition. In addition, business and industry will require a workforce with the knowledge and technical skills to implement effective waste reduction measures.

### Objective 1

**Develop education programs and materials that promote an understanding of the environmental impact of the manufacture and use of products and packaging and the true cost of disposal.**

**Strategies:a)** Enable consumers to communicate to manufacturers and businesses their product and packaging preferences.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resource:** Local Governments
- ◆ **Timeline:** First Third

- b)** Develop consumer guides for “environmentally sound” purchasing choices.
- ◆ **Responsible Party:** Department of Environmental Quality
  - ◆ **Resources:** Manufacturers, retailers, scientific community
  - ◆ **Timeline:** First Third
- c)** Develop “material-specific” public education campaigns to target specific materials and/or markets and other activities that promote source reduction and recycling.
- ◆ **Responsible Party:** Department of Environmental Quality, Local Governments
  - ◆ **Resources:** Business, manufacturers, retailers
  - ◆ **Timeline:** First Third
- d)** Participate with other states in labeling program initiatives to ensure consistency in labeling policy and requirements for national consistency.
- ◆ **Responsible Party:** Department of Environmental Quality
  - ◆ **Resources:** Manufacturers, environmental groups, scientific community
  - ◆ **Timeline:** As appropriate
- e)** Provide technical assistance to local governments to incorporate source reduction and reuse education into their recycling programs.
- ◆ **Responsible Party:** Department of Environmental Quality
  - ◆ **Resource:** Local government
  - ◆ **Timeline:** First Third

- f) Provide information on source reduction, recycling and residual disposal to businesses located in or relocating to Oregon.
  - ◆ **Responsible Party:** Local governments
  - ◆ **Resource:** Department of Environmental Quality, Economic Development Dept.
  - ◆ **Timeline:** First Third
  
- g) Establish a local recognition and award program for businesses, manufacturers, institutions and government agencies which incorporate waste prevention into their operation practices.
  - ◆ **Responsible Party:** Department of Environmental Quality
  - ◆ **Resources:** Chamber of Commerce, city and county government
  - ◆ **Timeline:** First Third

## Objective 2

**Expand curricula in primary and secondary levels of education that include source reduction and reuse.**

- Strategies:a)** Develop and make available a comprehensive solid waste curricula for primary and secondary schools that provide a balanced approach among source reduction, reuse, recycling and disposal as methods for solid waste management in Oregon.
- ◆ **Responsible Party:** Department of Environmental Quality
  - ◆ **Resources:** Department of Education, business, industry
  - ◆ **Timeline:** Second Third

- b) Provide assemblies, tours and other activities for primary and secondary schools to promote an understanding of reduction, reuse and recycling.
- ◆ **Responsible Party:** Industry and business
  - ◆ **Resource:** Local school districts
  - ◆ **Timeline:** Second Third
- c) Promote the solid waste curricula among primary and secondary educators and school districts. Local school districts will be educated about its benefits and educational significance.
- ◆ **Responsible Party:** Department of Education
  - ◆ **Timeline:** Second Third

### Objective 3

**Make it a priority to develop a strong environmental post-secondary education program with an emphasis on solid waste resource management in publicly funded institutions. Oregon will be recognized nationally and internationally as having one of the best college and university level environmental education programs available.**

- Strategies :**
- a) Develop curricula for managing sustainable and secondary resources and residual wastes in four year colleges and universities.
- ◆ **Responsible Party:** Department of Higher Education
  - ◆ **Resources:** Business, industry, federal government, Economic Development Department, Department of Environmental Quality
  - ◆ **Timeline:** Second Third

b) Provide undergraduate and graduate students in engineering and business programs with enhanced exposure to the interdisciplinary field of materials recycling and source reduction.

- ◆ **Responsible Party:** Department of Higher Education
- ◆ **Resource:** Business, industry, federal government, Economic Development Department, Department of Environmental Quality
- ◆ **Timeline:** Second Third

c) Develop industry outreach programs in which material engineering concepts related to new and existing recycling technology and source reduction technology are incorporated.

- ◆ **Responsible Party:** Department of Higher Education
- ◆ **Resource:** Industry
- ◆ **Timeline:** Second Third

d) Establish solid waste management educational programs serving personnel from the industrial and public sectors through workshops and continuing education.

- ◆ **Responsible Party:** Department of Higher Education
- ◆ **Resource:** Business and industry
- ◆ **Timeline:** Third Third

e) Establish a shared funding approach that will support a recycling and source reduction technology educational program through Oregon's institutions of higher education.

- ◆ **Responsible Party:** Business, industry
- ◆ **Resource:** Department of Higher Education
- ◆ **Timeline:** Second Third

# WASTE PREVENTION

## Problem Summary

Oregon has a policy that source reduction or prevention of solid waste should be considered the first solid waste management option above recycling, composting, energy recovery, and disposal. The policy has been in place since 1983, but Oregon has not expended much effort in developing the framework necessary to realize the benefits of source reduction. Today as we see disposal costs rising and the world becoming more concerned about depletion of natural resources, other environmental impacts, and the ability to be competitive in difficult economic times, it is critical that we look at our manufacturing and consumption habits.

## Objective 1

**Research and develop a waste prevention program for Oregon which addresses industrial and municipal solid waste.**

**Strategies:** a) Survey businesses, industry and institutions to determine the current level of waste prevention awareness and practices and to identify participants interested in waste prevention programs.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Business, industry, institutions
- ◆ **Timeline:** First Third

- b) Conduct workshops, promote pilot projects, identify industry needs and develop technical assistance programs.
  - ◆ **Responsible Party:** Department of Environmental Quality
  - ◆ **Resources:** Business, industry, trade association
  - ◆ **Timeline:** First Third
  
- c) Coordinate and provide technical assistance to volunteer participants to conduct waste audits and material assessments, and to develop, implement and assess waste prevention and reuse programs. The participants will report to DEQ on activities that best achieve waste prevention goals while having economic benefits and demonstrated cost savings.
  - ◆ **Responsibility:** Department of Environmental Quality
  - ◆ **Resources:** Business, industry, institutions, local governments, state agencies.
  - ◆ **Timeline:** First Third
  
- d) Develop waste prevention training manuals, waste auditing handbooks, and other informational materials for public use.
  - ◆ **Responsible Party:** Department of Environmental Quality
  - ◆ **Resources:** Business, industry, local governments
  - ◆ **Timeline:** First Third
  
- e) Establish a clearinghouse to distribute materials and publicize programs to the general public, private sector and government.
  - ◆ **Responsible Party:** Department of Environmental Quality
  - ◆ **Resources:** Business, industry, local government
  - ◆ **Timeline:** Second Third

- f) Develop and promote the use of a waste exchange program for the private and public sectors.
- ◆ **Responsible Party:** Business and industry
  - ◆ **Resources:** Department of Administrative Services, local government
  - ◆ **Timeline:** First Third
- g) Oregon's progress in the waste prevention program will be measured overall by determining the amount of waste disposed, per capita, on an annual basis with a baseline established in 1995. The amount of waste disposed per capita should show a steady decline.
- ◆ **Responsible Party:** Department of Environmental Quality
  - ◆ **Resources:** State agencies, local government, business, industry, institutions
  - ◆ **Timeline:** First Third, Second Third, Third Third

## Objective 2

Implement a statewide waste prevention program by 1998 which addresses industrial and municipal solid waste.

- Strategies:**
- a) Train employees to conduct waste audits and material assessments with the goal of implementing waste prevention programs.
- ◆ **Responsible Party:** Trade and professional organizations
  - ◆ **Resources:** Department of Environmental Quality, local government, business and industry, Department of Higher Education



- b) Business, manufacturers, institutions, and public agencies will conduct waste evaluations, develop reduction programs and implement them.
- ◆ **Responsible Party:** Business, industry, institutions, state and local governments
  - ◆ **Resources:** Department of Environmental Quality, Department of Higher Education, local government
  - ◆ **Timeline:** Second Third
- c) Business, manufacturers and institutions will be surveyed in order to determine the amount of waste reduced, and to identify successful waste prevention strategies.
- ◆ **Responsible Party:** Department of Environmental Quality
  - ◆ **Resources:** Business, manufacturers, institutions, local government
  - ◆ **Timeline:** First Third, Second Third, Third Third
- d) Through legislation establish a low interest/no interest revolving loan fund. This fund will be made available for manufacturers to finance the capital expenditures necessary to implement process changes that result in maximum waste prevention for a specific material or process; or that extend the repairability and durability of products by a five year minimum. A loan program would be sought in 1999 if a declining trend in the amount of waste disposed has not been achieved.
- ◆ **Responsible Party:** Economic Development Department
  - ◆ **Resources:** Department of Energy, business, industry, local government
  - ◆ **Timeline:** Second Third

- e) Provide research and development for source reduction strategies. These strategies will include, but not be limited to, reduction in packaging, use of bulk items, use of two-way packaging, increased use of refillable containers, and reduction of toxins.

- ◆ **Responsible Party:** Business, industry
- ◆ **Resources:** Department of Higher Education
- ◆ **Timeline:** Second Third

- f) If waste disposal is not reduced by the year 2000, seek legislation to require some or all solid waste generators to plan and implement waste prevention programs.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Local government, business, industry
- ◆ **Time Line:** Third Third

### Objective 3

**Government agencies will conduct waste prevention self-assessments; prepare and implement prevention plans.**

- Strategies:**
- a) Provide technical assistance, procurement guidance and employee training to facilitate the implementation of waste prevention programs.
    - ◆ **Responsible Party:** Department of Administrative Services
    - ◆ **Resources:** Department of Environmental Quality, local government
    - ◆ **Timeline:** Second Third
  
  - b) State and local government procurement policy will target reduction in product packaging, reuse of shipping materials, and a reduction in the amount of toxins.
    - ◆ **Responsible Party:** Department of Administrative Services
    - ◆ **Resources:** State agencies, local government
    - ◆ **Timeline:** Second Third
  
  - c) Provide guidance for state agencies and local governments on procurement practices that consider product and equipment longevity, reduce waste, conserve energy, and reduce toxins.
    - ◆ **Responsible Party:** Department of Administrative Services
    - ◆ **Resources:** Department of Environmental Quality, business, industry
    - ◆ **Timeline:** First Third

- d) Integrate waste prevention programs in a cross-media format. These programs will include recycling, pollution prevention, energy conservation, air quality, and water quality.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Business, industry, state agencies, local government, Department of Energy
- ◆ **Timeline:** First Third

- e) A "Leave it on the Lawn" and site composting program will be established and demonstrated at state offices in Salem. Implement the model program throughout state government.

- ◆ **Responsible Party:** Department of Parks and Recreation
- ◆ **Resources:** All state agencies
- ◆ **Timeline:** First Third

## Objective 4

**Actively seek and support state and federal legislation where regional, national and international requirements and/or standards are necessary to achieve waste prevention.**

- Strategies:**
- a) Evaluate the applicability of an advance disposal fee on products as a mechanism to encourage waste prevention and fund waste prevention efforts.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Industry, business, state and local government
- ◆ **Timeline:** Second Third

b) Coordinate with neighboring states and support federal legislation that addresses prevention of solid waste through national policies on packaging, product durability and repairability.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Business, industry, U.S. Environmental Protection Agency, consumers, ASTSWMO, NGA
- ◆ **Timeline:** Second Third, Third Third

c) Seek and support federal legislation that mandates companies which produce, use, and sell packaging and produce products to study and implement ways the companies can proactively participate in the management of their packaging and product waste.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Other states, ASTSWMO, NGA, business, industry, local government
- ◆ **Timeline:** Second Third, Third Third

# MATERIAL RECOVERY

## Problem Summary

In order to have effective material recovery and recycling programs, it is essential to achieve a balance in supply and demand for recyclable materials. Currently there is no system that assures that each material collected has a marketplace. Transportation costs and low material volume are problems for recycling programs in rural areas of the state. Commercial recycling programs and procurement policies which create a demand for goods made from recycled material have not been maximized.

## Objective 1

**Maximize the efficiencies and effectiveness of recyclable material collection programs and market development. Specific materials should be targeted for material recovery opportunities.**

**Strategies:a)** Establish a list of target materials for the purposes of focusing market development strategies and materials collection, education and promotion programs. Analysis to develop the list of targeted materials will include a biennial waste composition study; annual recycling surveys; source reduction projections; analysis of the status of western region recycling markets; economic

analysis of recovery costs and benefits; environmental health impacts of production and disposal of specific materials; and information related to conservation of natural resources.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Local government, Department of Economic Development, business, industry
- ◆ **Timeline:** First Third

b) Recycling collection, processing, markets, and resource utilization efforts will place priority on the targeted materials.

- ◆ **Responsible Party:** Business, industry
- ◆ **Resources:** Local government, Department of Environmental Quality, Economic Development Department, Department of Administrative Services, consumers
- ◆ **Timeline:** First Third

## Objective 2

Encourage development of sustainable local, state, and regional markets for secondary material through research and development, financial incentives, technical assistance, and identifying and removing regulatory barriers.

**Strategies:** a) Establish appropriate legislative authority and resources to broaden programs which address secondary resource market development.

- ◆ **Responsible Party:** Economic Development Department
- ◆ **Resources:** Business and industry, local government, consumers
- ◆ **Timeline:** First Third

- b) Develop a uniform building code for including recycling areas in all new commercial, industrial and residential construction.

- ◆ **Responsible Party:** Building Codes Agency
- ◆ **Resources:** Local government, Department of Environmental Quality
- ◆ **Timeline:** First Third

- c) Analyze barriers to using building products made from recyclable material. Establish standards and codes for using such materials.

- ◆ **Responsible Party:** Building Codes Agency
- ◆ **Resources:** Business, industry, local government, Department of Environmental Quality
- ◆ **Timeline:** First Third

- d) Encourage innovative material recovery solutions. Seek legislation that establishes and funds a research and development program in the Oregon higher education system. The program will focus on developing technologies to use specific recyclable materials. The program will include industry and business testing and pilot programs as well as direct communication and educational components.

- ◆ **Responsible Party:** Industry
- ◆ **Resources:** Department of Higher Education, Local government
- ◆ **Timeline:** First Third



- e) Provide information to business and industry on the supply of recyclable materials available as a resource. This outreach and promotion program will target specific materials.

- ◆ **Responsible Party:** Economic Development Department
- ◆ **Resources:** Markets Development Council, Department of Environmental Quality
- ◆ **Timeline:** First Third

- f) Consider establishing enterprise zones to encourage the establishment of local markets for targeted recyclable materials.

- ◆ **Responsible Party:** Local government
- ◆ **Resources:** Department of Economic Development, business, industry
- ◆ **Timeline:** First Third

- g) Support a recycling market investment tax credit program initially administered by the Oregon Department of Energy. This would be the sole tax credit program for recycling and recycling market development. Seek legislation to shift the responsibility for administering the market development tax credit program to the Economic Development Department.

- ◆ **Responsible Party:** Department of Energy and Economic Development Department
- ◆ **Resources:** Department of Environmental Quality, Recycling Markets Development Council, business, industry
- ◆ **Timeline:** First Third, Second Third

### Objective 3

Maximize the recovery of recyclable material from commercial generators throughout Oregon.

- Strategies:**
- a) Place a strong emphasis on education and promotion for commercial collection programs within local jurisdictions. The focus will be on specific businesses and waste streams for developing collection and marketing programs.
    - ◆ **Responsible Party:** Local government
    - ◆ **Resources:** Department of Environmental Quality
    - ◆ **Timeline:** First Third
  
  - b) Develop strategies and provide training and technical assistance to government, business and industry for increased commercial collection programs for specific target materials.
    - ◆ **Responsible Party:** Department of Environmental Quality
    - ◆ **Resources:** Local government and business, industry, Economic Development Department, Department of Administrative Services
    - ◆ **Timeline:** First Third
  
  - c) Government, business and industry will conduct a review and analysis of their own waste generation to determine what material recovery opportunities exist within their operations. Using this information, they will develop and implement effective material recovery programs.

- ◆ **Responsible Party:** State and local government, business, industry
- ◆ **Resources:** Department of Environmental Quality, Industry Trade Association
- ◆ **Timeline:** First Third

## Objective 4

Promote recycling by increasing state and local government recycling programs and procurement of products made from recycled materials and recyclable materials.

**Strategies:** a) Seek legislation to enhance current public agency procurement practices, including the establishment of technically and economically feasible appropriate product standards.

- ◆ **Responsible Party:** Department of Administrative Services
- ◆ **Resources:** Department of Environmental Quality, industry
- ◆ **Timeline:** First Third

b) Conduct procurement program self-assessments to determine potential recycled material purchases.

- ◆ **Responsible Party:** State and local government
- ◆ **Timeline:** First Third

c) Continue to monitor all state agency purchasing and report findings to the legislature.

- ◆ **Responsible Party:** Department of Administrative Services
- ◆ **Resources:** State agencies
- ◆ **Timeline:** First Third, Second Third, Third Third

- d) Modify "Opportunity to Recycle" legislation to include procurement of products made from recycled materials and recyclable materials.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Local government, Economic Development Department
- ◆ **Timeline:** First Third

- e) Require public agency suppliers to submit waste reduction plans as part of proposals and bids.

- ◆ **Responsible Party:** Department of Administrative Services
- ◆ **Resources:** Business, industry, Department of Environmental Quality
- ◆ **Timeline:** Third Third

## Objective 5

**Develop and adopt common policies with other western states for packaging, labeling, procurement and content standards in order to influence the development of national policy.**

- Strategies:**
- a) Develop common policies for minimum content standards. Consider standards that are compatible, at a minimum, with the larger market states in the west.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Industry, other states
- ◆ **Timeline:** Second Third

- b) Assure compatible procurement policies. Where efficiencies in purchasing can be gained by consolidating Oregon state efforts with other states, this will be a priority.

◆ **Responsible Party:** Department of Administrative Services

◆ **Resources:** Other states

◆ **Timeline:** First Third, Second Third, Third Third

- c) Participate with other western states in labelling program initiatives.

◆ **Responsible Party:** Department of Environmental Quality

◆ **Resources:** Other states, business, industry

◆ **Timeline:** First Third, Second Third, Third Third

- d) Work with the state's legislative and congressional delegation and such organizations as the National Governors' Association and the Association of State and Territorial Solid Waste Management officials to seek national resource use policies which make it more cost effective for manufacturing industries to demand and use targeted recovered materials.

◆ **Responsible Party:** Department of Environmental Quality

◆ **Resources:** Industries, Economic Development Department

◆ **Timeline:** First Third, Second Third, Third Third

# RESIDUAL WASTE DISPOSAL

## Problem Summary

With the implementation of more stringent landfill standards under RCRA, Oregon is seeing many small local landfills close and the cost of solid waste disposal increase. Although Oregon has adequate landfill capacity, accessible and convenient disposal capacity may be lacking. With an increase in material recovery reuse and waste reduction efforts, the amount of waste requiring disposal will decrease over time. But there will always be a need for available disposal options to take care of waste which cannot be recovered.

## Objective 1

**Sufficient, safe and accessible disposal capacity will be assured to manage municipal wastes.**

**Strategies:** a) Gather data, perform analysis and develop appropriate policy on statewide disposal capacity needs. A critical component of needs assessment will be generators' accessibility to remaining disposal capacity.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Local government, industry
- ◆ **Timeline:** First Third, Second Third, Third Third

b) Develop local strategies to address insufficient disposal capacity.

- ◆ **Responsible Party:** Local government
- ◆ **Resources:** Department of Environmental Quality, industry
- ◆ **Timeline:** First Third, Second Third, Third Third

c) Continue to assure safe and accessible disposal for all Oregonians. Local governments should work together to meet solid waste management needs when necessary.

- ◆ **Responsible Party:** Local government
- ◆ **Resources:** Department of Environmental Quality
- ◆ **Timeline:** First Third, Second Third, Third Third

d) Oregon will assess a surcharge on the disposal of imported solid waste based on the costs to the state of disposing of the waste.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Timeline:** First Third, Second Third, Third Third

e) Recognize that solid waste management is a regional concern and cooperate with states within the region on policy decisions related to solid waste management.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Local government, other states, industry
- ◆ **Timeline:** First Third, Second Third, Third Third

- f) Out-of-state solid waste generators are required to reduce and recycle waste at least as well as Oregonians.

- ◆ **Responsible Party:** Waste generators
- ◆ **Timeline:** First Third, Second Third, Third Third

## Objective 2

Assure that adequate operating standards, sensitive to geographic differences, are established and enforced for all municipal solid waste disposal sites.

### Strategies:

- a) Conform, at a minimum, to RCRA Subtitle D requirements.

- ◆ **Responsible Party:** Landfill owners/operators
- ◆ **Timeline:** First Third, Second Third, Third Third

- b) Assure adequate environmental protection at municipal solid waste landfills, considering (among other factors) the hydrogeological conditions of a site; the climatological conditions; the amount of waste managed at a landfill; and the practicable waste management alternatives available.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Timeline:** First Third, Second Third, Third Third



### Objective 3

Assure adequate funding to conduct and maintain safe disposal site closures to protect Oregon's land, air and water.

- Strategies:**
- a) Implement and enforce RCRA Subtitle D.
    - ◆ **Responsible Party:** Landfill owners/operators
    - ◆ **Resources:** Department of Environmental Quality, citizens
    - ◆ **Timeline:** First Third, Second Third, Third Third
  
  - b) Assure that any necessary facility closure costs are fully funded.
    - ◆ **Responsible Party:** Landfill owners/operators
    - ◆ **Timeline:** First Third, Second Third, Third Third

### Objective 4

For disposal sites identified as having no responsible parties, assure that resources are available for remedial actions necessary to protect the environment.

- Strategies:**
- a) Continue to use the Orphan Site Account process for assisting in disposal facility remediation.
    - ◆ **Responsible Party:** Department of Environmental Quality
    - ◆ **Timeline:** First Third, Second Third, Third Third

# SYSTEM MANAGEMENT

## Problem Summary

The solid waste system from reduction and recycling to disposal historically has operated in a fragmented way. Technology is becoming more sophisticated and complex and costs associated with solid waste management are continuing to rise. In order to achieve an efficient and effective system and maintain public accountability, comprehensive standards, policies, and a framework for resolving issues needs to be developed and implemented.

### Objective 1

**Encourage and enable sustainable and viable management systems based on local decision making by facilitating the development and implementation of local and regional solid waste management strategies which recognize geographic differences.**

- Strategies:**
- a) Through guidelines and technical assistance encourage counties to prepare and adopt integrated solid waste management plans by 1998. The plans should be consistent with the state plan vision and objectives. They will be updated every five years or more often if local circumstances change significantly. Cities will be encouraged to participate in and adopt their county's/

metropolitan service district plan or provide a comparable alternative. In lieu of a county plan, a multi-jurisdictional plan may be developed.

- ◆ **Responsible Party:** Local Government
- ◆ **Resources:** Department of Environmental Quality
- ◆ **Timeline:** First Third

**b)** Develop and adopt regulations defining the elements to be included in local solid waste management plans.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Local government, business, industry, citizens
- ◆ **Timeline:** First Third

**c)** Continue to provide funds and technical assistance for local solid waste planning efforts to prepare integrated solid waste management plans.

- ◆ **Responsible Party:** Department of Environmental Quality, local government
- ◆ **Resources:** Business, industry, citizens
- ◆ **Timeline:** First Third

**d)** Seek legislation to broaden the use of grant funds for local solid waste plan implementation. These funds will be available to rural, low income areas to assure a viable management system.

- ◆ **Responsible Party:** Local government, Department of Environmental Quality
- ◆ **Resources:** Business, industry, citizens
- ◆ **Timeline:** First Third, Second Third

- e) Data gathering and information analysis and dissemination will continue to be an important element of the integrated solid waste management system.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Local government, business, industry
- ◆ **Timeline:** First Third, Second Third, Third Third

- f) Provide information on variable rates, fixed rates, service fees and other funding mechanisms to local governments.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Local government, other states, business and industry
- ◆ **Timeline:** First Third, Second Third, Third Third

- g) Solid waste permit actions will be in conformance with the local solid waste management plan which has been adopted and approved.

- ◆ **Responsible Party:** Permittee
- ◆ **Timeline:** Second Third, Third Third

- h) Seek legislation which relies on measurement of per capita solid waste disposal to determine successful integrated solid waste management. Discontinue required watershed recovery rates after 1995.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Local Government, business, industry
- ◆ **Timeline:** First Third

## Objective 2

Encourage efficient transportation networks for recoverable materials and residual waste.

- Strategies:**
- a) Evaluate barriers and opportunities for solid waste transportation information and options.
    - ◆ **Responsible Party:** Public Utility Commission, Department of Environmental Quality
    - ◆ **Resources:** Trucking industry, railroads, business, industry, local government
    - ◆ **Timeline:** Second Third

## Objective 3

Assure that collection and/or convenient drop-off services for recoverable materials and residual wastes are available while considering local, regional, geographic, and economic differences.

- Strategies:**
- a) Continue to provide the opportunity to recycle and provide adequate disposal services to all citizens of the state.
    - ◆ **Responsible Party:** Local government
    - ◆ **Resources:** Department of Environmental Quality, industry
    - ◆ **Timeline:** First Third, Second Third, Third Third
  
  - b) Provide information to local governments which evaluates the benefits and drawbacks to mandatory collection and assists local government in their solid waste management decisions.
    - ◆ **Responsible Party:** Department of Environmental Quality
    - ◆ **Timeline:** First Third

- c) Coordinate with neighboring states to promote and develop waste exchange, education and promotion programs, and procurement guidelines.

- ◆ **Responsible Party:** Business, industry
- ◆ **Resources:** Other states, Department of Environmental Quality, Department of Administrative Services, local government,
- ◆ **Timeline:** First Third

#### **Objective 4**

**Identify and develop a system to manage special and problem wastes that minimizes the impact on human health and the environment.**

#### **Strategies:**

- a) Gather data, perform analysis and develop a management plan component for special and industrial wastes in the first plan update.

- ◆ **Responsible Party:** Department of Environmental Quality
- ◆ **Resources:** Business, industry, local government
- ◆ **Timeline:** First Third

## Briefing Paper on Mandatory Collection

### Scope

The Oregon State Integrated Resource and Solid Waste Management Plan sets out how solid waste management will be addressed for the next ten years in the state. During the Local Work Group, SWAC and public meetings, there was a great deal of discussion concerning mandatory garbage and recyclables collection, its value as a tool to fund solid waste systems that are equitable, reduce the environmental impacts of water and air pollution and energy consumption caused by illegal dumping, backyard burning and burying, and self-hauling.

Local governments have the responsibility to ensure the community is provided a safe and cost-effective solid waste system. Historically, local governments have had the authority to institute mandatory collection. However, even when it appears to be the best approach for solving solid waste management problems it has been difficult for local elected official to institute. To implement mandatory collection of solid waste and recyclables a local ordinance must be passed. Discussion regarding if the State Plan should attempt to facilitate mandatory collection through a legislative remedy revolved around two positions.

1. Many local governments are facing substantial increases in solid waste systems costs. In many cases these activities have been funded through General Fund monies and residents were able to burn, bury or self-haul garbage. Many local governments lack the ability/means to institute needed changes. Legislation, sought by local and state government, provides a more speedy and uniform remedy while allowing local jurisdiction to craft a system that recognizes local needs.
2. Local government have the responsibility to provide the best practical services. These solutions are best dealt with through the local political processes. The local process provides a greater opportunity to educate residents about solid waste issues.

### Mandatory Collection

A mandatory collection service fee assessed on each household and commercial waste generator, can be an equitable and effective means of funding local solid waste management systems. Generally, jurisdictions charge a monthly fee enforced through termination of water or electric utilities.

This fee system, based on the premise that those who generate waste should pay for its disposal, fosters citizen awareness and creates an incentive for more efficient consumer behavior. As a funding mechanism it broadens the base of funding to all generators and balances funding for solid waste management. The system does not rely totally on disposal tipping fees for funding. Illegal dumping is reduced, and public health better protected. In a voluntary system, even one that provides universal service (service available but not mandatory), a substantial number of residents choose not to participate. Some of these residents self-haul, dispose on-site, while others illegally dump their refuse on public and private lands or in commercial dumpsters. Not only do these people avoid the full cost of waste disposal but pass on the cost to others citizens and future generations. These activities result in air and water pollution, defacing of property and threaten public health.

In an integrated solid waste management system, such as is proposed in the state plan, all waste that is not reduced, reused or composted on-site should be collected and managed at an appropriate facility and consistent with environmental protection standards.

Mandatory collection is not limited to collection of garbage but can also include recycled materials, and if the rate for collecting recycled materials is lower than the rate for garbage, than collection of recyclable material is encouraged.

### Mandatory Collection in Oregon

Even though all local governments in Oregon have the authority to institute mandatory collection it has been implemented in only five jurisdictions including Redmond, Astoria, Seaside, Cascade Locks and Lincoln City.

Redmond and Astoria have had long-standing mandatory collection systems, and have encountered few of the problems of jurisdictions that have more recently established systems. Both jurisdictions collect the fee with other utilities and have the authority to discontinue all services; however, there has been little need for enforcement. While the City of Cascade Locks instituted a mandatory collection system more than 10 years ago, recently it received a great deal of public attention when a local citizen refused to pay for collection. Some citizens are concerned because the system does not encourage recycling and gives an undue advantage to seniors who can receive monthly rather than weekly service. A city fine levied against the citizen is being challenged in court.

The City of Seaside has encountered heavy resistance from its 1991 ordinance. The franchised hauler bills for the service, and while the city has the authority to place a lean on property for unpaid services, enforcement has been difficult. Many vacation home owners have objected to being billed for a service they contend to seldom or never use, and have gone as far as filling their collection cans with rocks. The city council is presently reviewing the ordinance.



Grant County has proposed mandatory collection in the county's Solid Waste Management Plan and is crafting an ordinance to implement it. The County's intention is to provide "like service for like payment" which will base fees on tonnage collected not service distance. Therefore, while the same amount of waste may be collected, service to more rural areas may be provided on a bi-weekly rather than a weekly basis.

## Mandatory Collection Strategy in the State Plan

The draft state plan proposes that "Through legislation, local governments along with DEQ will seek to establish a requirement for mandatory collection services at the local level, which considers community size, location and population."

## Advantages of Mandatory Collection

1. Assuring Public Health Maintaining full participation in solid waste collection systems helps to preserve public health and discourages improper disposal.
2. Equitable System Mandatory collection provides an equitable system to pay for solid waste services and insures that those who generate waste pay for its disposal.
3. Funding Waste Management Local governments can assure their ability to fund the increasing costs of solid waste systems by spreading the cost across a broader base and reducing reliance upon tip fees. The user fee can be based on the actual costs of collection and disposal, or at a higher rate in order to generate revenues to support other waste management programs.
4. Reducing Waste Generation Fees can be structured through a number of methods including a uniform fee charged on all households and commercial consumers, weekly or bi-weekly services; or a variable rate which charges an equal or higher rate for each additional waste container. By offering weekly or bi-weekly pick-up along with rates based on container size or weight, the fees are more closely tied to waste generation and becomes an incentive to reduce generation.
5. Reducing Illegal Dumping Mandatory collection tends to discourage illegal dumping, backyard burning and burying of household hazardous waste. Owners of vacation property often do not subscribe to collection services and request their renters remove their own garbage; however, the waste is often deposited in commercial dumpsters or on public lands. Mandatory systems tend to discourage on-site disposal and illegal dumping of household waste, and reduce the cost of clean-ups and enforcement.

6. Energy Conservation and Pollution Prevention Mixed wastes burned in the backyard or in a fireplace can create pollutants similar to those created in garbage incinerators. Waste buried or illegally dumped can create leachate. Mandatory fees can reduce these impacts along with reducing energy consumption and pollution resulting from self-hauling of wastes.

## Potential Problems

1. Enforcement Some citizens ignore separate bills for waste and recyclables collection. Enforcement is most successful when it is tied to terminating utilities such as electrical or water service.
2. White Goods and Large Items This fee method does not appear to affect illegal dumping of large items which are not routinely picked up by on-route service.
3. Instituting Fees Passing mandatory collection ordinances can be very difficult in areas with high levels of self-haul, low or no service fees or where on-site burning is allowed.
4. Not a State Role There has been concern raised about the state taking a role in what is seen as a local issue. Requiring local ordinances can provide an opportunity to educate the public about funding equitable solid waste systems. Since citizens will not directly vote on the issue the same level of awareness might occur in a legislative process.
5. Ignores Other Local Options Local governments can work to insure that charges for self-hauling are more closely tied to the true cost of disposal. In the Bend area, self-haulers are charged \$20 more a ton tipping fee than commercial haulers. The charge helps to off-set the administrative costs of the additional traffic at the landfill and to discourage self-hauling. Local landfill or transfer stations can discourage self-hauling by limiting the site hours. Additionally, aggressive educational and enforcement programs can be designed to address illegal dumping.

## Justification for Strategy

The role of the State's Integrated Resource and Solid Waste Management Plan is to set out strategies to ensure that Oregon has a solid waste system that is equitable, cost-effective and protects public health and the environment. One of the most striking challenges for local governments is funding solid waste activities. Many communities -- particularly those with residents who have never been charged for solid waste services -- face strong public resistance to new or increasing fees. The resistance tends to remain high despite the fact that a mandatory system would be more equitable than a voluntary one.

In the judgment of Staff, along with the advice of the Solid Waste Advisory Committee, DEQ has a responsibility to provide local governments support in seeking a legislative remedy.

## Public Response

During the Local Work Group and Public meetings this strategy received strong opposition. Following is a summary of public response.

State Utility A number of respondents felt that the strategy implied that the state would set collection rates and would move solid waste management toward being managed as a state utility.

Response: The intention of the strategy is to seek legislation that would require local governments to institute mandatory collection systems designed to meet their needs. State authority would not be extended to review or set rates.

Burden Low Income, Rural Residents, and Self-haulers A number of respondents felt that a mandatory system would be over-burdensome to these segments of the population.

Response: There are a number of reasons to include all residents in the system: to insure waste generators are responsible for costs of disposal, to broaden the base of findings and to decrease the pollution and environmental impacts of illegal dumping and self-hauling. However, proposed legislation could allow local governments to design mandatory systems which differentiate for factors such as population, geography, income and self-hauling.

Discourages Recycling Some respondents felt that residents would stop recycling if they were required to pay for collection of household waste particularly those households that recycle and compost most of their waste.

Response: Mandatory collection of recyclable material is often incorporated into systems that provide curbside collection. By charging variable rates, either on the size or weight of the can, recycling is encouraged. Since this aspect was unclear in the strategy there was a general misunderstanding of how a mandatory solid waste and recycling system might work.

Local Responsibility Comments were made that this is a local responsibility, and that while it may be politically difficult, it should be addressed at the local level. Some local governments felt that even if collection was mandated that local governments and haulers would undergo harsh public criticism. While other local governments felt that it would not be feasible to pass a mandatory collection ordinance.

Response: The pressure on local government to administer and fund solid waste along with dealing with the impact of many of the recent budgetary restraints makes it difficult to pass ordinances to address these issues.

The purpose of the strategy is to provide support to local governments by joining with them in seeking a legislative remedy. While legislation might dictate a mandatory system, local jurisdiction would still be compelled to use the public process to design a system best suited to their needs.

## Options

1. Restate the strategy "DEQ will provide information to local governments which evaluate the benefits and drawbacks to mandatory collection to assist local governments in their solid waste decisions."

Discussion: This would leave local governments with the responsibility to pass an ordinance. This could mean that the jurisdictions may be unable to utilize this funding mechanism or could delay establishing self-sustaining funding.

2. Maintain the strategy. The strategy states "Through legislation, local government along with DEQ will seek to establish a requirement for mandatory collection services at the local level, which considering community size, location and population."

Discussion: By maintaining this strategy the Plan strongly states the importance of insuring that Oregon solid waste management system is equitable, adequately funded and provides for public health and the environment.

3. (DEQ) Develop strategies to information and assistance local governments. However, if local governments were unable to establish a cost-effective solid waste system, DEQ, along with local governments would seek legislation in 1997 to require mandatory collection services that considers community size, location and population.

Discussion: This strategy would give DEQ an opportunity to provide local government assistance while local governments would have to develop funding mechanisms. Their progress could be reviewed in order to determine if a legislation should be sought in 1997.

4. Delete strategy.

## PUBLIC COMMENT REVIEW

Six public meetings were held throughout the state in August, 1993. Approximately 1,000 public notices were mailed announcing the dates of meeting and the availability of the public draft review document. Seventy-five citizens attended the local work group and public meetings, and more than 40 written responses were received.

The public review draft of the plan was designed with shadowed check-off boxes so citizens could clearly indicate their level of support for the goals and objectives. A wide right-hand margin allowed people to provide comments and recommendations on each implementation strategy.

<input type="checkbox"/> I support this approach
<input type="checkbox"/> I generally accept this approach
<input type="checkbox"/> I absolutely do not agree with this approach

Overall, public comments showed a strong support of the strategies set out in the plan. Almost uniformly citizens agreed with the emphasis the plan places on reducing waste generation and encouraging markets for secondary materials. Clearly, respondents recognize and support local responsibility for solid waste management; however, they were less likely to agree upon the role of the State. Most people supported a role for the state in providing technical assistance, education and guidance; yet, some felt just as strongly that the State should take a stronger regulatory stance on some of the strategies.

Two strategies received a great deal of attention during the public process. The original strategies set out that DEQ and local governments would seek legislation to require variable collection rates for solid waste and recyclables and mandatory collection in cities of a determined size. Often the strategies were misunderstood as meaning that the State would set rates and require statewide mandatory collection. But, generally there was agreement, with both the public and local work group members, that these decisions should be made through ordinances and policies at the local level, and that DEQ should provide local governments with information and analysis on these topics. The strategies were changed to reflect this direction along with a number of other recommendations. These changes follow in the Public Comments Summary and Response.

## PUBLIC COMMENTS SUMMARY AND RESPONSE

The level of support for each vision and objective received in the written comments has been noted below. What follows is a summary of the significant written responses and comments made at the public and local work group meetings. Staff has responded to each of these and indicated if changes were made in the plan. The goals, objectives and strategies are stated as they appeared in the public review document and are not necessarily in the order they appear in the final proposed plan.

Mission Citizens of Oregon work together to protect the public health and our environment by:

- conscientiously reducing waste;
- diminishing per capita generation;
- managing resources and residuals cost-effectively;
- financially supporting a convenient waste and resource management system.

support 15 generally support 8 don't support 1  
No significant comments made.

Year 2005

Vision 1 The citizens of Oregon have made a value shift from a "throw-away" society to a conservation society.

support 15 generally support 7 don't support 1

Comment: Some industry representatives expressed concern that the term "throw-away" implied that non-durable goods should be avoided, and that the vision does not recognize the health and safety issues of packaging.

Response: The term is used to reflect the increase in waste generation from 2.7 pounds per person per day in 1960 to 4.3 in 1990. While much of this increase is in containers, packaging and non-durable goods there is an increase in all product categories. The goal of the plan is to reduce waste generation by improving product durability and repairability, reusing products and purchasing some products in bulk as well as changes manufacturing processes. Research indicates that this can be done without jeopardizing the integrity or safety of products.

No substantive change was made.

Vision 2 The citizens of Oregon are stewards of the environment. They actively Source Reduce, Reuse, and recycle material before they dispose.

support 12 generally support 10 don't support 0  
No significant comments made.  
No substantive change was made in the vision.

Vision 3

Education, not regulation, is the primary means of affecting citizens' environmental stewardship and promoting conservation of our resources.

support 17 generally support 4 don't support 1

Comment: There is some concern expressed that regulation must be used to achieve the goals.

Response: There are a number of important economic factors driving resource and solid waste management including the high cost of disposal and the cost of pollution. The private sector is moving toward conservation and pollution prevention in order to achieve greater efficiencies. These strategies have been laid out to give DEQ an opportunity to provide technical assistance to help facilitate this shift. However, the plan also recognizes that if waste generation trends do not indicate a reduction by the year 2000, mandatory actions would take place. DEQ's present regulatory oversight of disposal facilities will continue and not be reduced.

No substantive change was made.

Vision 4

Secondary resources and residual waste management are self-sustaining operations with limited need for direct government intervention.

support 9 generally support 8 don't support 4

No significant comments made.  
No substantive change was made.

Vision 5

Public and private decisions about how products are manufactured and used and how residual waste is disposed are made in the best interests of public and environmental health.

support 13 generally support 8 don't support 0

No significant comments made.  
No substantive change was made.

Objectives and Strategies

PART A OBJ 1 Develop education programs and material that promote an understanding of the

environmental impact of the manufacture and use of products and use of products and packaging and true cost of disposal.

support 11 generally support 10 don't support 1

Comments: It was recommended that businesses and manufacturers be included in developing public awareness programs. A number of citizens expressed concern about how this objective and others would be funded.

One of the strategies in this objective set out that DEQ will participate with other western states in a labeling program initiative, and follow Federal Trade Commission Guidelines. Comments from industry objected to any state or regional labeling efforts and felt the FTC guidelines were sufficient; that regional efforts could unduly burden western states. Environmental groups expressed concern that the FTC guidelines were not strong enough to check "manufacturers use of misleading environmental claims."

Response: The Plan was developed with the active participation of local work groups and a solid waste advisory committee made up of a broad base of public and private representatives. This practice will continue through the development and implementation of the programs set out in the plan. Efforts will be made to add waste prevention activities and integrate waste prevention with recycling education where appropriate. Legislation will be sought where additional funds are needed. The strategy was restated to clarify DEQ's intent to work with other states to ensure national consistency.

PART A OBJ 2 Provide curricula in primary and secondary levels of education to emphasize reduction, reuse, and recycling.

support 14 generally support 7 don't support 0  
No significant comments made.  
No substantive change was made.

PART A OBJ 3 The Oregon Department of Higher Education will make it a priority to develop a strong environment post-secondary education program with an emphasis on solid waste resource management in publicly funded institutions. Oregon will be recognized nationally and internationally as having one of the best college and university level environmental education programs available.

support 9 generally support 8 don't support 2  
No significant comments made.



No substantive change was made.

Comment: The term was changed to "waste prevention".

PART B OBJ 1 The Department of Environmental Quality will work with the private sector to develop source reduction tools and activities to be completed by 1997.

support 10 generally support 10 don't support 2

No significant comments made.

No substantive change was made.

PART B OBJ 2 Implement a statewide information and technical assistance program for private sector participants by 1998.

support 11 generally support 6 don't support 3

No significant comments made.

No substantive change was made.

PART B OBJ 3 State and local government agencies will conduct source reduction self-assessment; prepare and implement reduction plans; and report to DEQ.

support 8 generally support 12 don't support 2

Comment: The public and local governments support these efforts if they are cost-effective and consider budget constraints.

Response: Pilot programs conducted in other states have proven to be cost-effective while reducing waste generation from 10 percent to 60 percent. These calculations become significant when the cost of disposal is included. Also, procurement policies can state preferences for product durability, reduced packaging and toxins.

No substantive change was made.

PART B OBJ 4 Actively seek and support state and federal legislation where regional, national and international requirements and/or standards are necessary to achieve source reduction.

support 12 generally support 6 don't support 4

There were comments on three strategies in this objective.

Comment: The strategy stated, "consider an advance disposal fee on products identified by DEQ as excessively packaged, non-repairable, or which demonstrate specific levels of toxins". Industry expressed concern that the ADF would be spread across product lines and felt it was the role of the consumer to communicate their preferences to manufactures. Environmental groups support this effort stating that manufacturers do not offer alternatives and that consumers find choices confusing or unavailable. The public generally supported this direction.

Response: The Plan provides a number of tools to promote source reduction. One is to educate the public and provide consumers a convenient way to more directly communicate their preferences to manufacturers. Another, the advance disposal fee (ADF), is considered a tool which can tie the "true cost of disposal" (cost of disposal, pollution or problem wastes) to products that are excessively packaged or are problem wastes. The fee would be used to off-set the costs these products place on the system and to fund source reduction programs. The intention of the strategy was not meant for ADF to be widespread across product lines. The language was changed to: "consider the applicability of an advanced disposal fee on products as a mechanism to encourage source reduction and fund source reduction efforts".

Comment: The strategy stated that DEQ and local governments would evaluate variable rate setting methods and make recommendations to the legislature to consider a rate structures.

Response: Many respondents felt that the state would establish a rate structure. Since variable rates have been shown to be one of the most effective methods of reducing waste generation and generally encourages recycling the original intent of the strategy was that the state legislature would require local governments to establish a variable rate system -- local governments, not the state would establish the rate.

However, in response to the public concern over this strategy the language was changed to "(DEQ) Provide information on variable rates, fixed rates and other funding mechanisms to local governments." Local governments could use the local solid waste planning process to examine the impact of these funding mechanisms. The strategy was moved to the System Section of the Plan.

Comment: The strategy set out that DEQ would work with other states, and support federal legislation that requires companies to manage waste they produce. Industry was concerned that this would be fashioned after the German green dot program. They generally prefer tax credits, consumer preferences and national standards.

Response: The language was changed to state that legislation would be sought that mandates companies study and implement ways they can actively participate in the management of packaging and product waste.

PART C OBJ 1      Maximize the efficiencies and effectiveness of recyclable material collection programs and market development. Specific materials should be targeted for material recovery opportunities.

support 9      generally support 8      don't support 3  
No significant comments made.  
No substantive change was made.

PART C OBJ 2      Encourage development of sustainable local, state, and regional markets for secondary material through research and develop, financial incentives, technical assistance, and identifying and removing regulatory barriers.

support 12      generally support 6      don't support 2

Comment: It was recommended that an additional strategy be added that develops building codes for secondary building products, and that the present codes be reviewed to remove unnecessary barriers.

Response: A strategy was added to reflect this request.

Comment: It was recommended that the strategy which sets out that DEQ and the Markets Development Council to inform business of available recyclable material should also shift the present recycling and energy tax credit to market development.

Response: Strategy G was added that would seek legislation to revise current recycling/energy tax credit programs to be available only for market development activities.

PART C OBJ 3      Maximize the recovery of recyclable material from commercial generators throughout Oregon.

support 7      generally support 10      don't support 1

Comment: A number of comments were made about flow control. There are two important issues involved in flow control. First, who has authority over the residual wastes. A number of court cases have been brought forward to the subject.

The second issue regards who has authority over recycled materials. Some respondents felt that the exclusive franchise of local governments should give them the authority to collect these materials; others felt that this system was detrimental to private recyclers.

Response: Early in the plan development process a task force was set up to define the flow control issues that might impact Oregon and recommend a policy direction. The task force was unable to agree on the issues. It was decided that it may be premature to formulate new policies at this time. Therefore, no strategies are recommended in the plan. Updates on the plan will be used to address this issue if necessary.

PART C OBJ 4 Promote recycling by increasing state and local government recycling programs and procurement of products made from recycled material and recyclable materials.

support 7 generally support 8 don't support 3  
No significant comments made.  
No substantive change was made.

PART C OBJ 5 Develop and adopt common policies with other western states for packaging, labeling, procurement and content standards.

support 10 generally support 6 don't support 4

See comments made under Part A, Objective 1.

PART D OBJ 1 The state will assure sufficient, safe and accessible disposal capacity to manage municipal waste.

support 9 generally support 9 don't support 4  
No significant comments made.  
No substantive change was made.

PART D OBJ 2 Assure that adequate operating standards, sensitive to geographic difference, are established and enforced for all municipal solid waste disposal sites.

support 6 generally support 10 don't support 0  
No significant comments made.  
No substantive change was made.

PART D OBJ 3 Assure adequate funding to conduct and maintain safe disposal site closure to protect Oregon's land, air and water.

support 12 generally support 7 don't support 0  
No significant comments made.  
No substantive change was made.

PART D OBJ 4 For disposal sites identified as having no responsible parties, assure that resources are available for remedial actions necessary to protect the environment.

support 12 generally support 7 don't support 0  
No significant comments made.  
No substantive change was made.

PART E OBJ 1 Encourage and enable sustainable and viable management systems based on local decision making by facilitating the development and implementation of local and regional solid waste management strategies which recognize geographic difference

support 7 generally support 11 don't support 2

Comment: There was an objection that DEQ grant funds would be used to support some small local solid waste efforts. It was felt that tip fees from larger areas should not subsidize smaller communities that had not taken aggressive measures to fund local solid waste systems.

Response: A goal of the plan is for communities to develop solid waste management systems that ensure adequate funding. However, smaller communities often must bear a greater burden because of a smaller base of ratepayer and the increasing costs of disposal and recycling. The plan proposed that it is the role of the State to ensure that all Oregonians are provided safe and cost-effective solid waste services. By requiring local plans and providing financial assistance through grants the State can ensure the goals are achieved on a statewide basis. No substantive change was made to the strategy.

PART E OBJ 2 Encourage efficient transportation networks for recoverable materials and residual waste.

support 11 generally support 6 don't support 2  
No significant comments made.  
No substantive change was made.

PART E OBJ 3

Assure that collection and/or convenient drop-off services for recoverable materials and residual wastes are available while considering local, regional, geographic, and economic differences.

support 11    generally support 4    don't support 7

Comment: Strong objections were made to the strategy which directed local government and DEQ to seek legislation for mandatory collection. The strategy was developed to ensure that those who generate waste pay for its disposal and would take into consideration population and other factors. However, many respondents felt that this was an attempt to institute a stronger state role (such as a utility) and would be unfair to citizens who recycle. The strategy did not make it clear the mandatory collection of recyclables could be included in this system. It was felt that collection service decisions should be made by each local government.

Response: The strategy was redrafted to state "[DEQ] Provide information to local government which evaluates the benefits and drawbacks to mandatory collection and assist local governments in their solid waste decisions."

Comment: It was also suggested that a strategy be added for natural disasters.

Response: A strategy was added.

PART E OBJ 4

Identify and develop a system to manage special and problem wastes that minimizes the impact on human health and the environment.

support 12    generally support 7    don't support 2

No significant comments made.

No substantive change was made.

**Environmental Quality Commission**

- Rule Adoption Item
- Action Item
- Information Item

Agenda Item G  
December 10, 1993, Meeting

**Title:**

Information Report--Improved Formatting and Accounting of Information Regarding the Time and Associated Costs for Performing Permit Related Work Necessary to Regulate Domestic Waste Treatment and Collection Facilities

**Summary:**

In June 1992, the Environmental Quality Commission directed Department staff to evaluate ways to improve reporting and accounting for the time and associated costs for performing domestic wastewater permit work. The Commission further directed staff to form an advisory committee to assist in the evaluation, and to prepare a report for Commission review.

The Commission action was based on concerns expressed by local governments concerning lack of documentation of permit fee expenditures by the Department. The Department independently concluded that enhanced record keeping would be useful for better management and development of changes to the fee structure.

A task force was formed and several alternatives were reviewed and evaluated. After several meetings the task force recommended an improved time keeping system which will track hours on seven categories including sludge management, pretreatment, engineering plan review, permit processing, compliance determination, and operator certification, and other municipal permit activities.


The Department intends to implement the new time keeping system as soon as possible.

**Department Recommendation:**

It is recommended that the Commission accept this report, discuss the matter, and provide advice and guidance to the Department as appropriate.

  
Report Author

  
Division  
Administrator

  
Director

November 23, 1993

Accommodations for disabilities are available upon request by contacting the Public Affairs Office at (503)229-5317 (voice)/(503)229-6993 (TDD).

Date: November 23, 1993

To: Environmental Quality Commission  
From: Fred Hansen, Director *Ful*  
Subject: Agenda Item G, December 10, 1993, EQC Meeting

Information Report--Improved Formatting and  
Accounting of Information Regarding the Time and  
Associated Costs for Performing Permit Related Work  
Necessary to Regulate Domestic Waste Treatment and  
Collection Facilities

Statement of Purpose

At the June 1992 meeting the Commission adopted a new fee schedule applicable to domestic waste treatment permit holders (Agenda item G, June 1, 1992). The Commission directed Department staff to evaluate ways to improve reporting and formatting of information regarding the time and associated costs for performing domestic permit work, and to prepare a report for Commission review. The Commission also directed Department staff to form an advisory task force to assist the Department in the evaluation.

Background

The Commission action in June 1992 substantially increased the domestic waste treatment permit fees. This resulted in an increase in revenues of about \$1 million per biennium. Biennium fees for domestic waste treatment permits are now about \$2.1 million per biennium.

Prior to proposing the 1992 fee increase the Department formed the Municipal Waste Treatment Fee Advisory Committee to review Department proposals and provide input and advice. The advisory committee did not support a fee increase citing several concerns, as follows:

1. The committee did not believe the Department had justified the increase.

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2. Some committee members believed that charges to the regulated community should be on a "fee for service" basis only.
3. All committee members believed that the Department should, at a minimum, demonstrate that use of the fee revenues would be restricted to permit related activities and that the Department should document hours and expenditures on major activities, for example, sludge management.

Independent of the committee concerns, the Water Quality Division has concluded that improved time keeping and reporting of work performed on permit related activities would be useful for three reasons:

1. The recent Department reorganization will substantially change the location and organization of domestic source permit related work. To better manage the program, particularly in times of tight budgets, it is essential to secure good information regarding the time and cost for permit related activities.
2. There may be a need for additional fee increases in the future. The Water Quality Division will need to document the cost and effort for major domestic source permit related activities in order to develop and support any fee increases.
3. There may be a need to revise the fee schedules because of changes in work effort for different regulatory activities. For example, new rules and mandates may require increased regulatory effort for some domestic source permit related activities but not for others. To ensure equity in the fee schedules, good time and expenditure information on work effort will be needed.

#### Authority of the Commission with Respect to the Issue

ORS 468.065 authorizes the Commission to establish fees for permit related activities.

OAR 340-45-070 requires NPDES and WPCF permit holders to pay fees for permit related activities. OAR 340-45-075 establishes a fee schedule.

The Commission first established fees in the mid-1970's and has taken several actions since that time to increase fees and to broaden the fee schedule.

**Alternatives and Evaluation**

The Department formed the Domestic Fee Advisory Task Force in November 1992. The task force met five times from December 1992 to September 1993. The task force and Water Quality Division staff reviewed several alternatives for improved reporting and formatting of information pertaining to permit related work on domestic sources. The alternatives considered are presented below:

1. Do nothing. This alternative was considered and rejected. Currently, the Department reviews fee structures based primarily on revenue needs only. While there is some analysis of work hours and costs for regulatory activities, the information base is very limited. More detailed time and cost information is needed to determine the effort needed to perform certain activities and to document the need for fee revenues.
2. Adopt a time reporting system similar to those used by several local governments. This alternative was proposed by two task force members. Many communities keep very detailed time records for work performed by the local government staff. This alternative was considered but rejected. The detailed time recording systems used by local governments are often necessary for documenting cost recovery on capital construction projects such as sewer line extensions, roads, etc.. Some systems have as many as 1500 possible entries. The Water Quality Division does not need and cannot support such a detailed system. In addition, the Business Office does not have the staff to record extremely detailed information.
3. Use a time reporting system similar to that now used in some sections of the Waste Management and Cleanup Division. This is a detailed cost recovery system used to justify billings for staff work on sites undergoing cleanup. This alternative was considered and rejected for the reasons described in alternative 2.
4. Keep informal records. The alternative was considered and rejected. Informal time and cost records are of limited usefulness and could not be used to justify need for fee revenues.
5. Use a time reporting system which tracks time on a limited number of essential permit related activities. Convert hours to expenditures for these activities and prepare

quarterly reports which will show hours and expenditures for the activities. This alternative was proposed by the Department for review by the task force. The activities proposed included sludge management, pretreatment, engineering plan review, permit processing, compliance determination, and operator certification. The Department believes that a time keeping system covering these activities would be useful from a management perspective and would provide documentation of expenditures, and also could be used to justify needed fee increases in the future. The task force reviewed this proposal and recommended the addition of another item called "other municipal permit activities." Task force members unanimously supported the Department's proposal with the addition of the above item.

#### **Summary of Public Input Opportunity**

The Department has not solicited public input through the public hearing process because the issues relate to the Department's internal time reporting and accounting rather than public health and the environment. However, through the formation of an advisory task force the Department has solicited input from all interested parties. Task force members represent their respective communities but they also represent several statewide organizations as well. These include the League of Oregon Cities, Special Districts Association and the Association of Clean Water Agencies.

#### **Conclusions**

1. The current time keeping for domestic source permit related work is inadequate.
2. An improved time keeping system will allow the Department to better manage domestic source permit related activities and will document any need for fee revenues to support the activities.
3. The Department does not have the resources to support a detailed time keeping system for domestic permit related activities.

#### **Intended Future Actions**

The Department intends to implement the new system for domestic permit related activities in the near future, hopefully by January 1, 1994. There is currently an agency-

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wide effort to develop standardized computer entry for time distribution recording and reporting. The new system for domestic permit related activities will be integrated into the agency-wide computerized system as soon as possible.

**Department Recommendation**

It is recommended that the Commission accept this report, discuss the matter, and provide advice and guidance to the Department as appropriate.

**Attachments**

- A. Domestic Fee Advisory Task Force Members
- B. Department Proposal for Review by Task Force Members

Approved:

Section: Barbara A. Burton  
Division: Michael Pomeroy

Report Prepared By: Thomas J. Lucas

Phone: 229-5065

Date Prepared: November 23, 1993

Thomas J. Lucas:TJL  
November 23, 1993

DOMESTIC FEE ADVISORY TASK FORCE

MEMBERS

Joni Low	League of Oregon Cities	588-6550 FX378-5859
Roger Swenson	Unified Sewerage Agency,	640-3539 FX640-3525
Jim Hagerman	City of Portland	796-7196 FX796-6995
Dan Helmick	Clackamas County	650-3296 FX650-3026
Garry Ott	City of Gresham	669-2430 FX665-6825
Tom Lucas	DEQ	229-5065 FX229-6037

State of Oregon  
Department of Environmental Quality

Memorandum

Date: June 11 1993

To: Domestic Fee Advisory Task Force  
From: Tom Lucas  
Subject: DEQ Time and Expenditure Accounting of Municipal Permit Fees.

At the Task Force meeting held on May 30, task force members and water quality program staff continued discussion of possible types of accounting for fee expenditures and possible levels of detail which could be provided. At the conclusion of the discussion it was agreed that DEQ would put in writing what was verbally proposed. Task force members would review the proposal with ACWA and other interested parties. I will contact you soon to schedule a meeting to get the response from all interested parties. The DEQ proposal is presented below.

PROPOSAL

1. Monthly time sheets would be used to record activities. The time sheets would be used by headquarters, region and lab staff.
2. The following domestic permitting and related activities would be itemized on the time sheets
  - \* Sludge Management
  - \* Pretreatment
  - \* Engineering Plan Review
  - \* Permit Processing
  - \* Compliance Determination
  - \* Operator Certification.
3. The time sheets would not record activities for individual sources.
4. Expenditure reports would be prepared by the business office for each activity on a routine basis (usually monthly). The reports would be available for review.

An example time sheet is attached.

cc:  
Joni Low, LOC

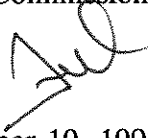
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Roger Swenson, USA  
Jim Hagerman, Portland  
Dan Helmick, Clackamas County  
Garry Ott, Gresham

State of Oregon  
Department of Environmental Quality

Memorandum

Date: December 10, 1993

To: Environmental Quality Commission  
From: Fred Hansen, Director   
Subject: Agenda Item H, December 10, 1993 EQC Meeting  
Update on Environmental Equity Project

BACKGROUND

In the early 1980's, issues surfaced involving the siting of hazardous waste facilities, predominately in the East, Southeast and Midwest, in areas populated by minorities and low income groups. These issues raised public concerns of social justice to the national level. Investigations and studies, by government and private sources, further indicated that race appeared to be the most significant factor correlated with hazardous site location. And although we can hope that skin color was not the motivation for these siting decisions, the fact remains that people of color and the poor live in areas with greater exposure to environmental pollution than more affluent white populated areas.

DEQ ENVIRONMENTAL EQUITY PROJECT

In Oregon, the issue of environmental equity has most recently been associated with the consumption of fish from polluted waters such as the Columbia Slough. The concern is that water quality standards are often based on analysis of fish species which may not be the species most often consumed by poor and minority populations. In addition, a number of minority groups consume fish in substantially greater quantities than what was used as the basis for fish analysis. Lastly, many of these minority populations (most notably, Native American and South East Asian) often consume different body parts of the fish - - the very body parts which may disproportionately absorb higher levels of certain toxics are reflective of fish consumption patterns of white anglers but not those of minority subgroups.

It is evident that the state needs a better understanding of the effects of environmental pollution on the state's population. At our request, Anne W. Squier, the Governor's Policy Advisor on Natural Resource and Environment, has directed the DEQ as well as the Health Division to determine if the state's environmental programs contribute to discriminatory environmental problems. The DEQ is taking the lead on a project which will examine



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the issue from a statewide perspective and accomplish the following objectives:

- To gather quantitative and qualitative information on environmental equity;
- To enhance the public and governmental awareness of environmental equity;
- To identify issues relating to regulatory practices that may pose greater risks to minority or low income populations; and
- To propose recommendations on an interagency approach to assure equity in all state environmental regulatory decisions.

The Department has established contacts in other natural resource agencies to assure state participation in all areas that may involve environmental equity issues. Information on the project has been mailed to minority and environmental interest groups and will be followed up with telephone interviews. The project will include the formation of a citizen advisory committee which will assist the department in developing recommendations for a future course of action on the issue. The Department anticipates completion of the project in the spring of 1994.

A staff presentation providing additional information on this project will be given to the Commission at its December 10th meeting.

Date: December 10, 1993

To: Environmental Quality Commission  
From: Fred Hansen, Director *Ful*  
Subject: Agenda Item I, December 10, 1993, EQC Meeting

Implementation of OAR 340-41-470(1), Which Prohibits Further Discharges to the Clackamas River, North Santiam River, and McKenzie River (above Hayden Bridge) Subbasins in order to Preserve Existing High Quality Waters for Municipal Water Supplies and Recreation.

Statement of Purpose

The rule cited above prohibits any new discharges to the three river subbasins. When originally adopted in 1977, a major purpose of the rule was to preserve existing high quality waters for use as domestic water supplies for the growing Willamette Valley population centers. The rule has prevented the proliferation of small recreational developments with inadequate sewage treatment facilities. The rule has also prevented increases in permitted discharges, which existed when the rule was adopted. However, the rule language is broad and effectively prevents the issuance of permits for any new facilities (including new facilities requiring stormwater permits) regardless of the impact of the discharge. The rule may effectively preclude development and other activities in these areas that were not intended to be affected by the rule.

The Department wanted to alert the Commission regarding the impact of this rule, and to request guidance as to whether the Department should re-visit this rule (via rule making) to allow some discharges in these three river basins.

Background

OAR 340-41-470(1) states:

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<sup>†</sup>Accommodations for disabilities are available upon request by contacting the Public Affairs Office at (503)229-5317 (voice)/(503)229-6993 (TDD).

Memo To: Environmental Quality Commission  
Agenda Item I  
December 10, 1993 Meeting  
Page 2

"In order to preserve the existing high quality water for municipal water supplies and recreation, it is the policy of the EQC to prohibit any further waste discharges to the waters of:

- (a) The Clackamas River Subbasin;
- (b) The McKenzie River Subbasin above the Hayden Bridge (river mile 15);
- (c) The North Santiam River Subbasin."

"Wastes" are defined in OAR 340-41-006(13) as

"'Wastes' means sewage, industrial wastes, and all other liquid, gaseous, solid, radioactive, or other substances which will or may cause pollution or tend to cause pollution of any water of the state."

In most cases, the Department has previously denied direct discharge permits in these subbasins, and has required that all existing dischargers (such as the cities of Estacada and Stayton) stay within existing waste loads when expanding facilities. Until this year, with minor exceptions, the Department has been able to find reasonable alternatives to the new or increased discharges.

The immediate reason to bring this issue to the Commission's attention now is a pending discharge permit application for an underground copper mine from Kinross Gold USA, Inc. (see Attachment 1 for further information regarding this project). This is the first significant project for which the Department is unable to find a reasonable alternative. The Department has evaluated the proposed discharge and has concluded that the site can be managed and operated to minimize water quality impacts. Based on the information presented in the permit application, there would be no measurable impact on the North Santiam River or on the Little North Santiam River. As a result of the high rainfall in the area, it is likely that the mining project would not be able to proceed if the Department is unable to issue a discharge permit.

In carefully reviewing the implications of this rule, however, the Department believes there are several other types of situations in which this rule could unreasonably restrict further growth or potentially cause other legal difficulties:

1. A strict interpretation of this rule could result in a permanent moratorium on sewer connections in communities with discharges to these river basins. The Department has chosen to interpret this rule for existing dischargers to mean that no increase in waste loads could be granted. This would only apply to those pollutants having a waste load limit (pounds per day). However, the rule could be interpreted to mean that no expansion of treatment plants could occur even if the waste loads are not increased. Since treatment plants also discharge other substances such as ammonia, nitrates, and phosphates, the amount of these substances will increase as the community served by the treatment plant expands. In other words, this rule could be interpreted to prohibit any additional residential or other growth where treated wastes are discharged to any of the three river subbasins.
2. No storm water permits could be issued for new activities. Federal regulations require that permits be issued for the following types of activities: construction on five or more acres, and manufacturing facilities including wood products, furniture and fixtures, stone products, and several other types of manufacturing and recycling facilities. Prior to the adoption of these regulations, facilities that discharged storm water only were not required to obtain a permit. Attachment 2 lists the types of facilities affected by these regulations. Note that EPA is proposing to include several additional activities in Phase II of its storm water regulations.
3. No new industrial facilities could be built with a discharge to any of these rivers, regardless of the impact on water quality or value to the community of the new facility.
4. A non-discharging community sewage facility may not be a practicable option for existing communities with failing on-site sewage disposal systems, which will mean continuing potential health hazards. Detroit and Lyons are two communities located on the North Santiam that are facing this situation.

It should be noted that when this rule was adopted in 1977, regulations dealing with storm water had not been adopted by EPA and the Department had not contemplated issuing storm water permits.

**Authority of the Commission with Respect to the Issue**

The Commission has the authority to adopt rules relating to protection of water quality pursuant to ORS 468B.035. The existing rule OAR 340-41-470(1) does not provide for exceptions to be granted by the Commission.

**Alternatives and Evaluation**

1. Do nothing alternative - The Department can continue to severely limit the issuance of any new permits for these three river basins, including storm water and construction permits. This may effectively preclude development and other activities in these areas.
2. Consider storm water separately - The Department can separate storm water discharges from other types of discharges and can propose rule modification to specifically exclude storm water from OAR 340-41-470(1) and bring this to the Commission for consideration. To address storm water issues, the Department believes that the Commission should consider the following:
  - a. Adopt a temporary rule at this meeting.
  - b. Ask the Department to draft a temporary or a permanent rule for consideration by the Commission at the next meeting (January 28, 1994). For a permanent rule, the Department would not be able to conduct a public hearing prior to the Commission meeting due to time constraints. Thus, the Commission would conduct a public hearing and evaluate testimony at its January 28, 1994 meeting.
  - c. Ask the Department to draft a permanent rule and bring it for consideration by the Commission at a later date. In drafting a permanent rule, the Department would conduct public hearings and summarize public comment before bringing it to the Commission for consideration.
3. Consider new discharges other than storm water separately - For new discharges other than storm water, the Department can propose rule modifications to bring to the Commission for consideration. Since discharges other than storm water such as those from the proposed copper mine have a greater potential to adversely impact water supplies in the three basins, the Department would expect

to work through an advisory committee. The committee would include representatives of potentially affected municipalities and other interested parties.

### Conclusions

- The existing rule adopted in 1977 protects high quality waters in these three subbasins by prohibiting new discharges or increased discharges.
- The rule prohibits development requiring a discharge permit, regardless of the impact on water quality. No exceptions are allowed. This rule, together with the requirements for storm water permits, may have the effect of precluding activities and land uses in these subbasins that were never intended to be precluded.
- The Department believes that some flexibility is warranted, and that some new discharges can be granted without adversely impacting water quality. Additional flexibility would require a rule change.

### Intended Future Actions

If directed by the Commission, the Department would draft a rule to exclude storm water from OAR 340-41-470(1) and bring it to the Commission for consideration. If directed by the Commission, the Department would also convene an advisory committee and proceed to rule making for new discharges other than storm water.

### Department Recommendation

The Department recommends that storm water discharges be considered separately from other types of discharges. With respect to storm water issues, it is recommended that the Commission direct the Department to draft a permanent rule excluding storm water from OAR 340-41-470(1) for consideration by the Commission at a later date.

With respect to new discharges other than storm water, it is recommended that the Commission discuss the matter, and provide advice and guidance to the Department as appropriate.

### Attachments

Attachment 1 - Summary of Kinross Gold USA's Proposed Discharge

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Attachment 2 - Summary of Activities or Facilities Requiring  
Storm Water Discharge Permits

Reference Documents (available upon request)

None.

Approved:

Division: Michael Bonn

Report Prepared By: Barbara Burton &  
Rajeev Kapur

Phone: 378-8240 & 229-5185

Date Prepared: November 29, 1993  
Amended: December 3, 1993

BAB:RK

Memo To: Environmental Quality Commission  
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### Attachment 1

#### Summary of Kinross Gold USA's Proposed Discharge

Kinross Gold USA has submitted an application for a National Pollutant Discharge Elimination System (NPDES) permit to discharge wastewater from an underground copper mining operation in the North Santiam River Subbasin. The proposed discharge would include process water, mine water (water encountered during the mining operation), and storm water. The application proposes to treat the effluent prior to discharging it to an unnamed tributary of Cedar Creek, which is a tributary of the Little North Santiam River. The proposed discharge point is approximately 30 river miles above the City of Salem's water intake on the North Santiam River.

Pollutants of potential concern with this discharge are turbidity, copper, chromium, cadmium, lead, mercury, silver, zinc and pH. The Department has evaluated the on-site control measures proposed, and agrees that the site can be managed and operated to minimize water quality impacts. The proposed discharge has been evaluated by the Department, and is projected to meet in-stream water quality standards within a few feet of the point of discharge. There will be no measurable impact on the Little North Santiam River at the point of confluence with Cedar Creek, nor at the City of Salem water intake point.

In reviewing the application, the Department determined that although the permit could be issued without any adverse water quality impacts, we are prohibited from issuing the permit because of OAR 340-41-470(1). The Oregon Attorney General's office has confirmed that the Department cannot issue the permit. It is likely that Kinross Gold USA would not be able to proceed with the project if it is not able to obtain a discharge permit from the Department.

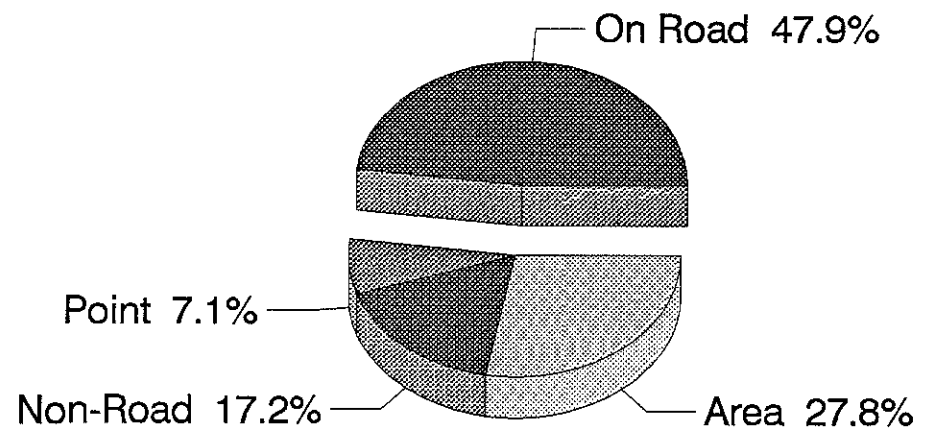


**Attachment 2**

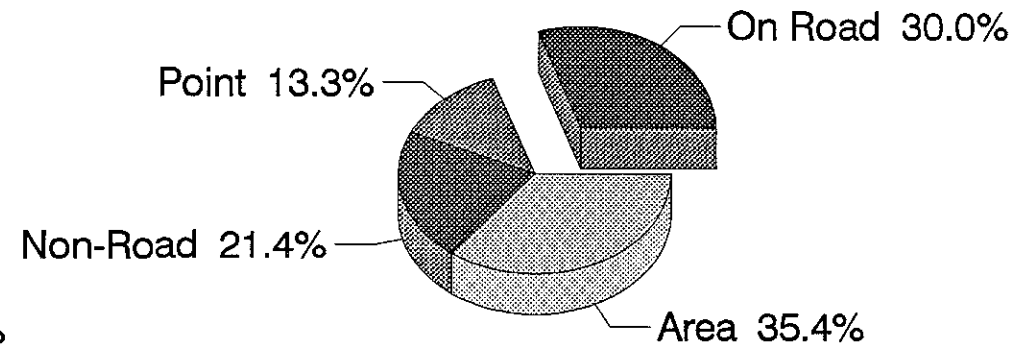
Summary of Activities or Facilities Requiring Storm Water Discharge Permits

1. Facilities subject to new source performance standards, or toxic pollutant effluent standards. These include fertilizer and pesticide manufacturers, petroleum refining operations and others.
2. Listed manufacturing facilities, including pulp and paper mills, timber products, chemical manufacturing, petroleum refining, rubber products, leather products, stone, clay and concrete products.
3. Mining and mineral extraction.
4. Hazardous waste treatment, storage or disposal facilities.
5. Landfills.
6. Recycling facilities including metal scrap yards, salvage yards, and automobile junkyards.
7. Steam electric power generating facilities.
8. Listed transportation facilities which have vehicle maintenance shops, equipment cleaning operations, or airport deicing operations.
9. Sewage treatment plants with a design flow of more than one million gallons per day.
10. Construction activities that disturb more than five acres of land.
11. Listed light manufacturing facilities but only if storm water is exposed to materials used in the process.

# Portland VOC Emissions Relative Source Contributions

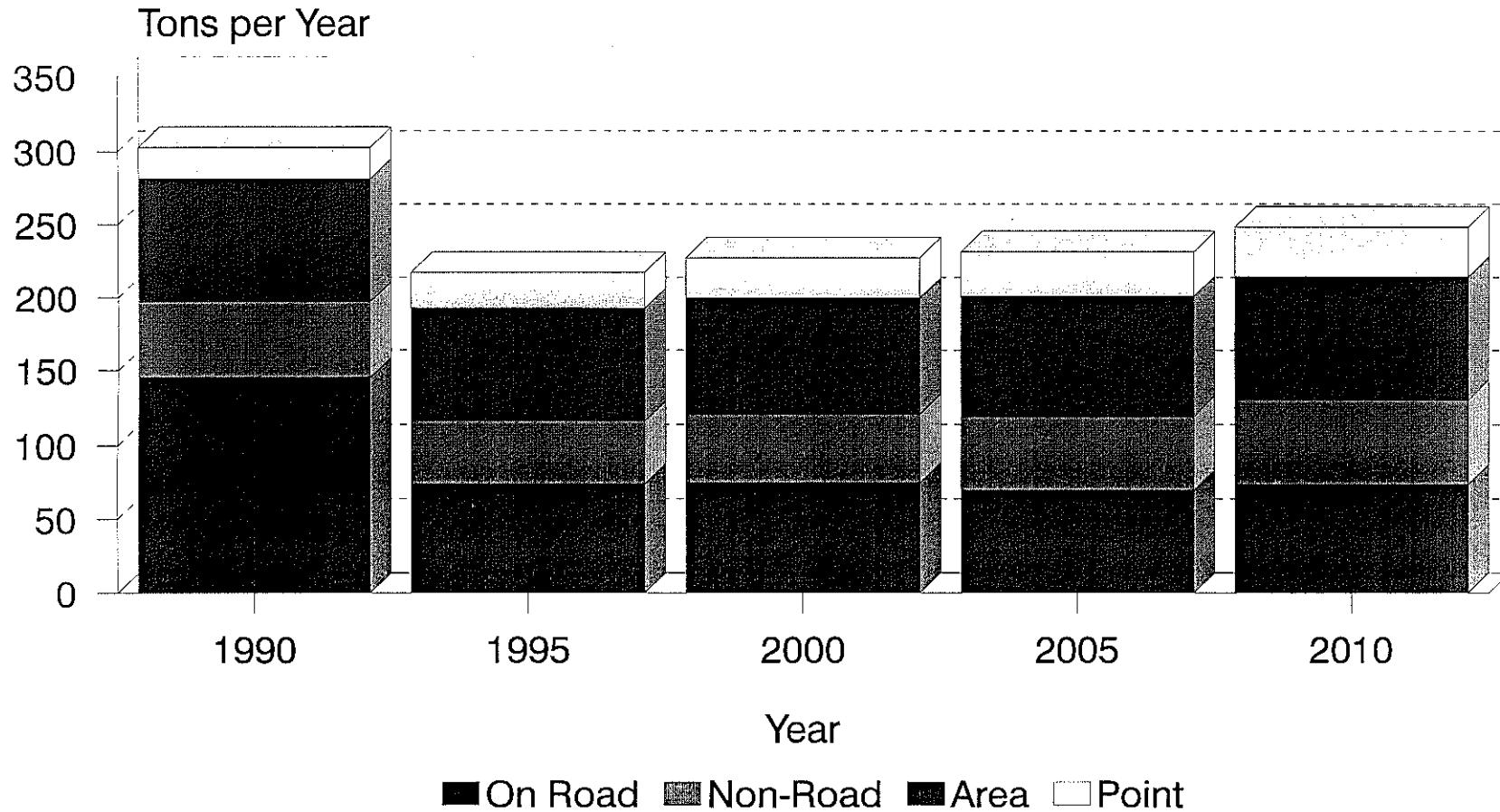


1990



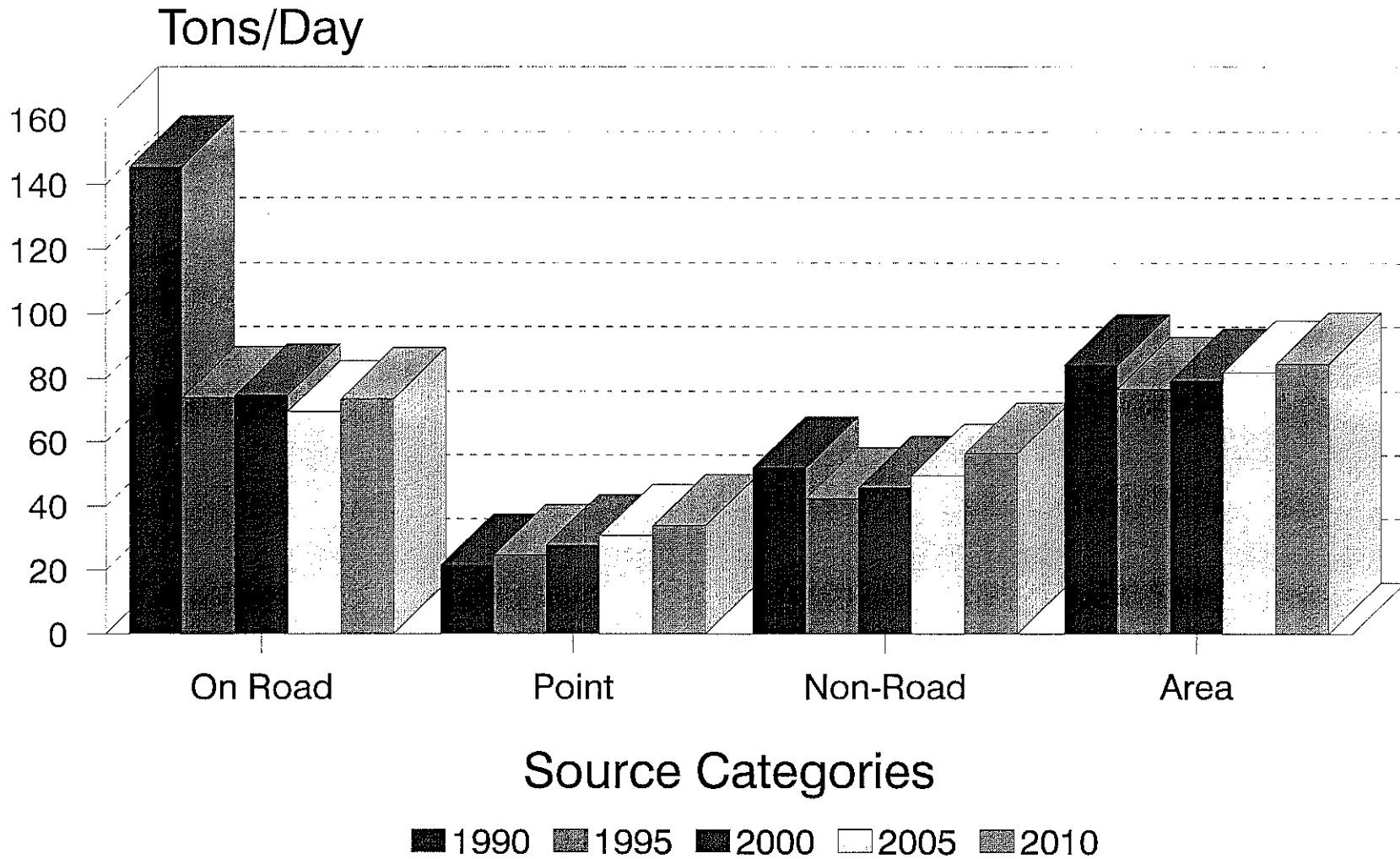
2005

# Portland VOC Emissions Trends

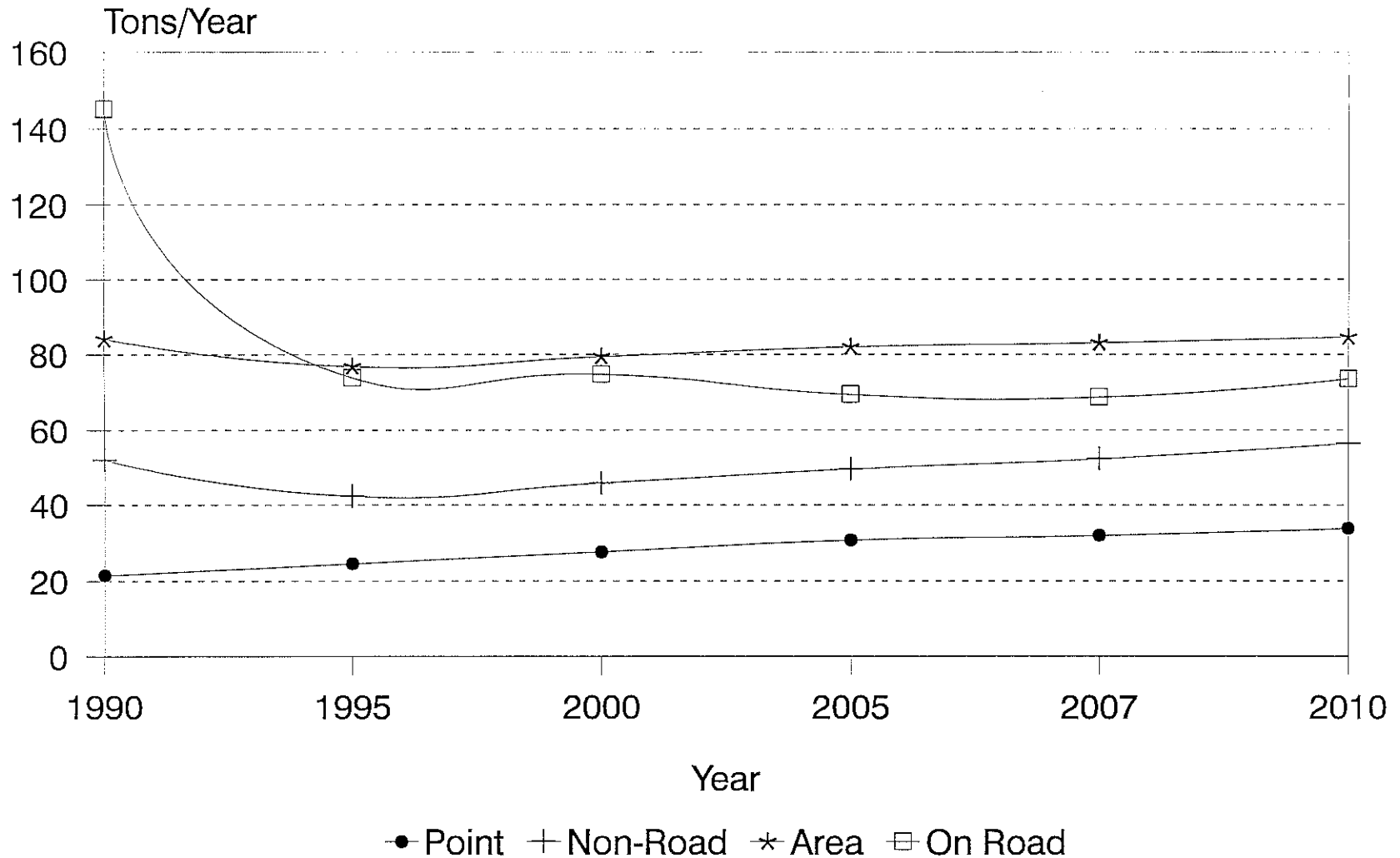


VOCTRND2

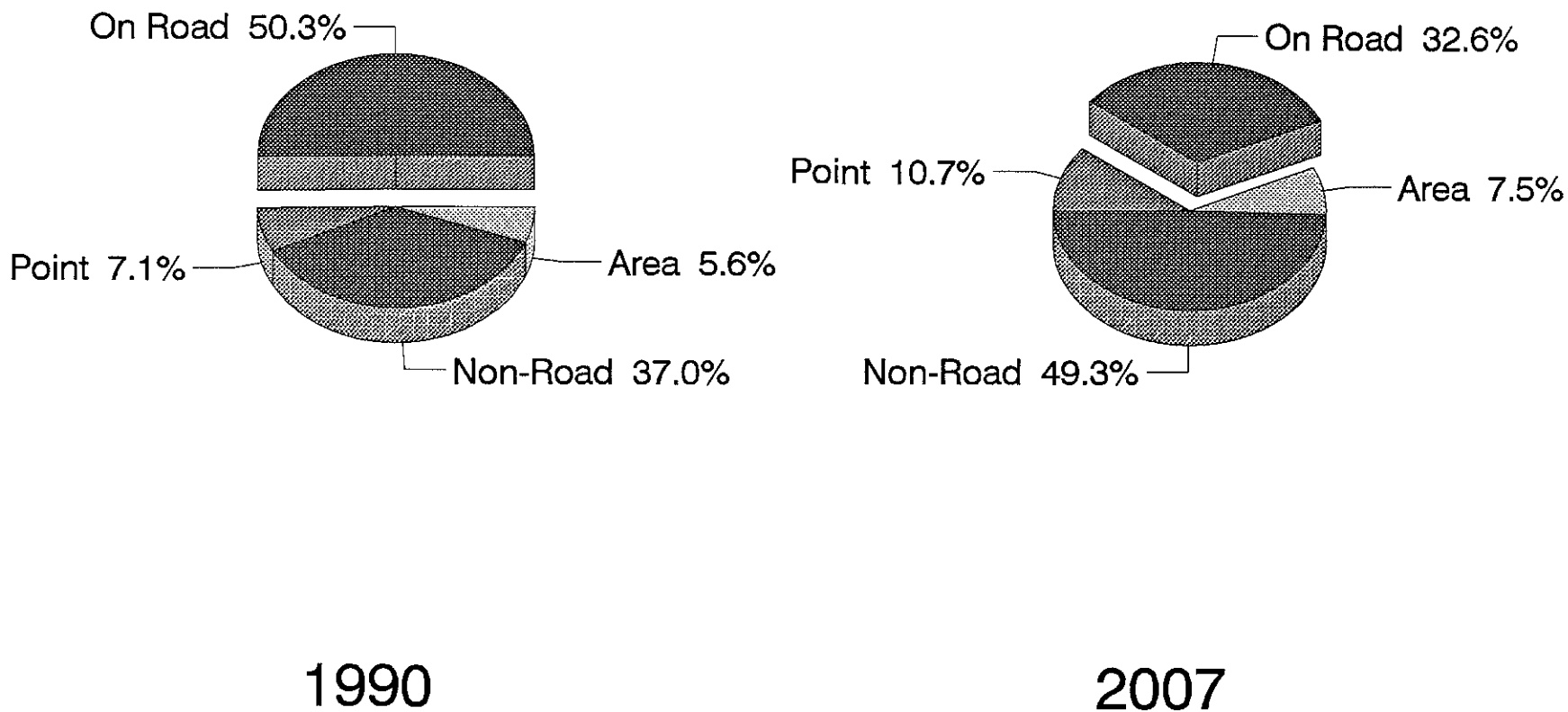
# Portland VOC Emissions



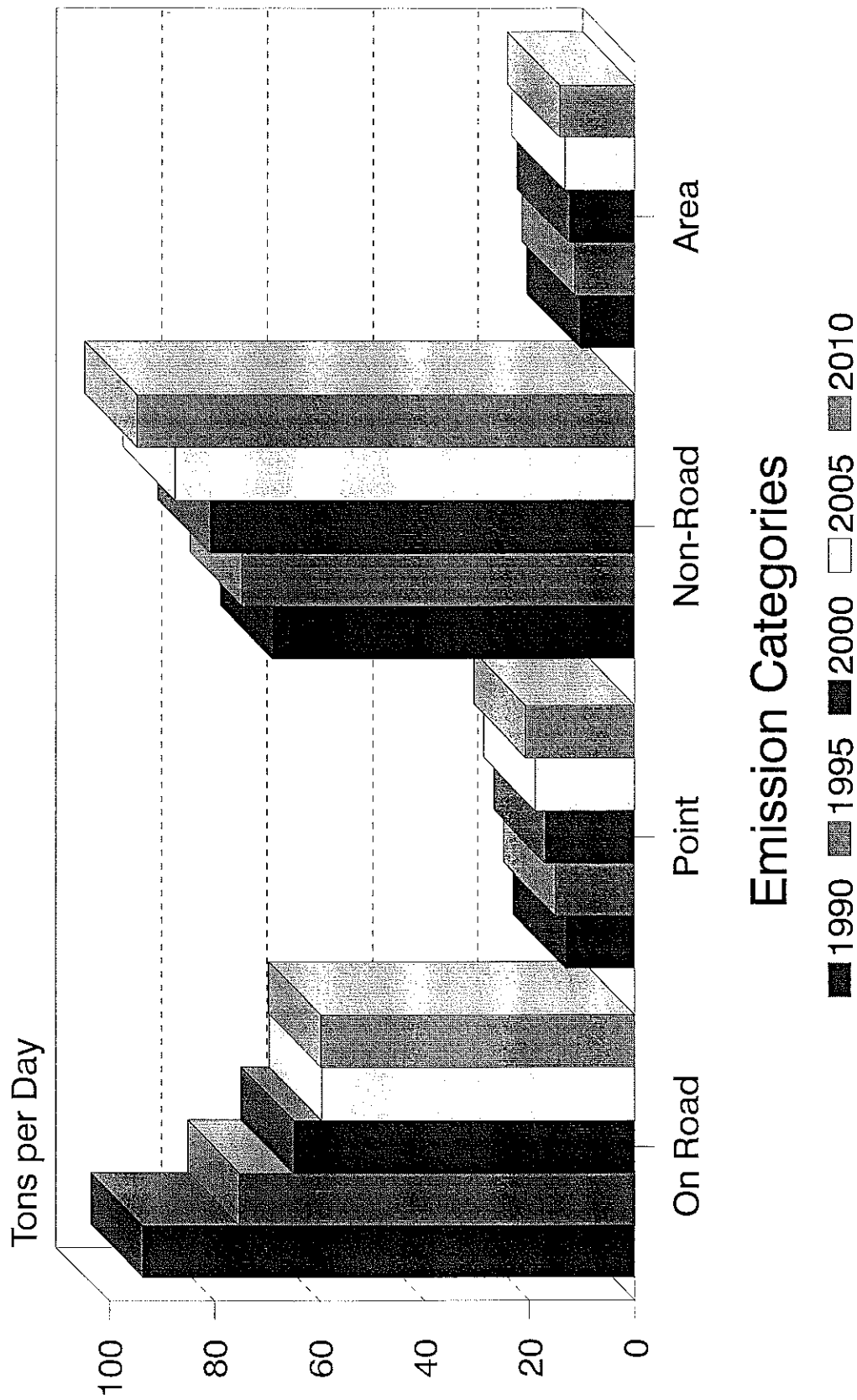
# Portland-Vancouver VOC Emissions



# Portland NOx Emissions Relative Source Contribution

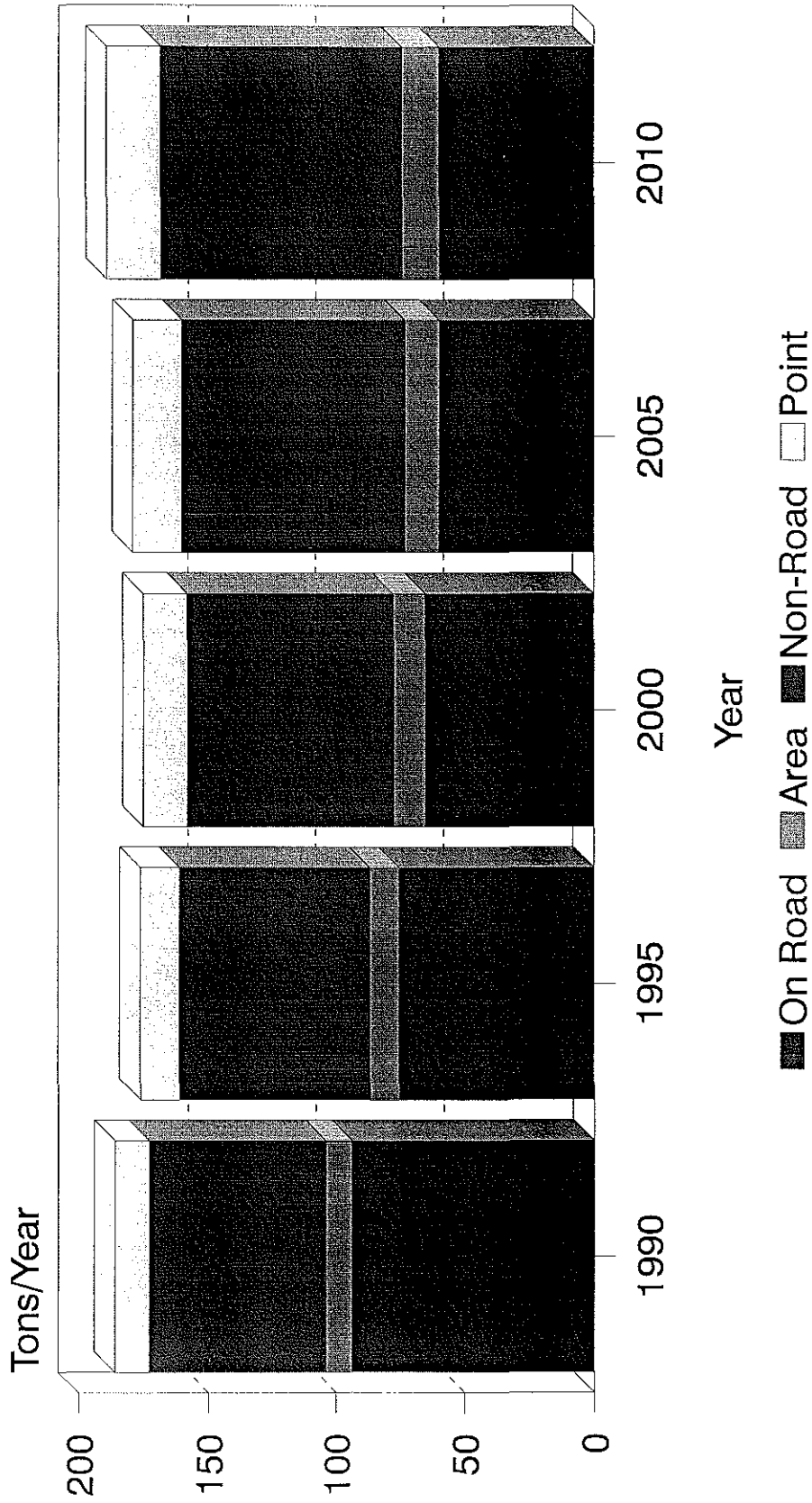


# Portland NOx Emissions



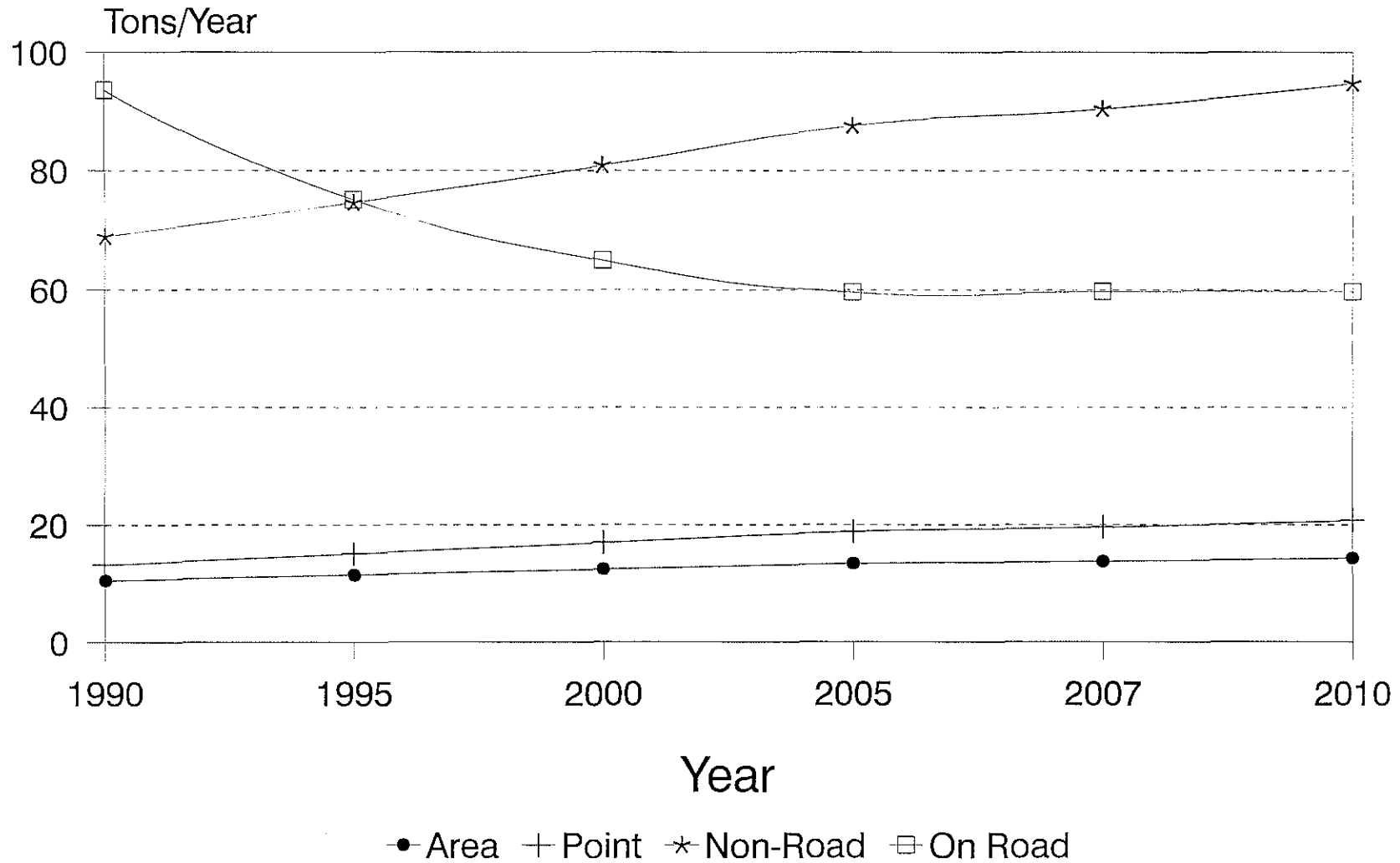
# Portland NOx Emissions Trends

## Trends





# Portland-Vancouver NOx Emissions



ENVIRONMENTAL EQUITY PROJECT

December 10, 1993

**WHAT SHOULD OREGON DO TO ASSURE ENVIRONMENTAL EQUITY?**

## OREGON ENVIRONMENTAL EQUITY PROJECT

### SUGGESTED OREGON DEFINITION OF ENVIRONMENTAL EQUITY:

Environmental equity means equitable environmental protection regardless of race, ethnicity, economic status or community. Environmental equity embraces the belief that no segment of the population should bear a disproportionate share of the consequences of environmental pollution. Environmental equity connotes fairness in ensuring adequate protection of public health and fairness in implementing statutory mandates so that benefits and risk reduction are conferred in equal measure to all citizens.

### PROJECT OBJECTIVES:

Due to expressed public concerns, the State believes it is in the public interest to address the question of environmental equity in Oregon at this time. The aim is to identify potential issues and to assure that equity is considered in the application of environmental laws. Specifically, the objectives of this project are as follows:

- To provide quantitative and qualitative baseline information on the issue.
- To enhance public and governmental awareness of environmental equity.
- To identify issues relating to regulatory practices that may pose greater risks to minorities or low income populations.
- To propose recommendations on an interagency approach to assure equity in all state environmental regulatory decisions.

The project can be best described as having a dual focus. One focus is on public awareness and education, and the second is directed at how governmental regulations might create or have the potential to create environmental inequities.

## ENVIRONMENTAL EQUITY ISSUES RELATE TO:

- Hazardous waste disposal sites
- PCB landfills
- Lead exposure
- Exposure from fish consumption
- Pesticide exposure
- Exposure from contaminated sites - prioritization of cleanup
- Differential enforcement
- Land use siting
- Drinking water quality
- Dry cleaner emissions (perchloroethylene PERC)
- Grants and loan programs
- Indoor pollution
- Organic solvents
- Public participation and communication

## ENVIRONMENTAL EQUITY BACKGROUND/HISTORY OUTLINE

**RESEARCH** - In 1979, a civil rights complaint was dismissed due to failure to prove discrimination intent. This involved opposition to a landfill in a black neighborhood. A study of the issue and other landfills and incinerators in Houston concluded that race was a predominant factor in the siting of these facilities.

In 1982, a federal judge rejected a challenge to the siting of a PCB landfill in Warren County, North Carolina, the county with the highest percentage of minorities in the state. This issue led to a congressional request for the U.S. GAO office to study hazardous waste siting in EPA's region 4. The study concluded that blacks were disproportionately represented in 3 of the 4 sites studied.

The United Church of Christ Commission for Racial Justice contracted a consultant study to analyze the GAO data to study statistical relationships between hazardous waste location and socio-economic-race factors...race again was determined the best indicator of siting decisions.

National studies by Paul Mohai and Bunyan Bryant in 1992 indicated race a better indicator of resident proximity to hazardous waste facility sites than income. The same conclusions came from additional studies by Robert Bullard in 1990.

**EPA** - In 1990, the EPA established a workgroup with the charge to determine if people of color and the poor are experiencing greater environmental health risks. The group concluded there was a general lack of data on environmental health by race or income, but that there were clear differences in disease and death rates of racial groups. It was recommended that EPA prioritize the issue of environmental equity and pay closer attention to how regulatory practices increase health risks.

**DEFINITIONS** - An issue that needs to be addressed in all equity projects is one of definitions. There are various terms describing the disproportionate effects of pollution on the disadvantaged used by mainstream environmentalists, grassroots environmentalists, and governmental entities. Some terms include "environmental racism", "environmental equity" and "environmental justice". There also lacks a consistent term for "low income".

**LEGISLATION** - Several states have already either adopted or proposed equity laws. These include providing compensation to host communities; enhancing public notice and participation; improving risk assessment methodologies; creation of state equity policy; and increasing public communication and information.

There are also several proposals currently before Congress and the President is expected to issue an Executive Order to address the consideration of equity in environmental decisions.

## PROPOSED OR EXISTING ENVIRONMENTAL EQUITY LEGISLATION

- Arkansas Requires a 12 mile distance between high-impact solid waste disposal sites; requires a provision of economic benefits to host communities.
- Louisiana Requires increased participation (three hearings) in policy recommendations.
- Virginia Requires study of how solid and hazardous waste facilities have impacted minority communities.
- California Proposal to require project site demographic study before approving high impact development projects.
- Georgia Proposal to pinpoint activities having adverse impacts on human health. Publish yearly toxics release inventory and health risk assessment.
- New York Proposal to develop index of source locations and require permit applications to include economic development strategy to reduce employment in host community.  
  
Proposal to create task force to promote development of environmental equity policy; provide research; and conduct community outreach.
- N. Carolina Proposal to create Environmental Justice Commission to examine environmental policies/siting patterns.
- S. Carolina Proposal to require identification of 100 environmental high risk areas; authorize toxic chemical user fee; and establish a technical assistance program.
- Federal Proposal to direct EPA to identify Environmental High Impact Areas to receive strict regulatory oversight, technical assistance, and health assessments

Department of the Environment Act (SB 1710) would statutorily establish an Office of Environmental Justice.

Executive Order would instruct all federal agencies to make equal treatment of racial groups an important consideration in any environmental decisions.

1964 Civil Rights Act to be used as grounds for investigating claims of racial discrimination in siting decisions.

## OREGON ENVIRONMENTAL EQUITY PROJECT

### Department of Environmental Quality - project lead.

- Information collection
- Establish interagency taskgroup to provide technical assistance and advice to project staff and citizen advisory committee: DLCD, ODFW, WR, DOA, OHD, BES, EPA
- Develop questionnaire for minority/environmental groups.
- Establish and oversee citizen advisory committee.

### Oregon Health Division

- Provide technical assistance on toxicological and public health matters.
- Participate in interagency task group

### Coordinate With Other Efforts Related to Environmental Equity:

- Oregon State University community needs assessment survey
- Center for Research on Occupational and Environmental Toxicology (CROET) study of Oregon's Toxic Release Inventory reporting facilities
- Portland City Club Study

## INFORMATIONAL LETTER

Dear Interested Parties:

The Oregon Department of Environmental Quality (DEQ) would like you to be aware of an environmental project which addresses the issue of equal protection for all segments of the population. Enclosed with this letter is a self addressed postcard to the DEQ. If a representative of your organization wishes to participate in a telephone interview on this issue, fill out the name, address and phone number where indicated and mail the postcard before November 24th.

### DEFINING THE ISSUE

People are becoming increasingly aware of equity as an environmental protection issue. Recent studies in the U.S. indicate that the burden of adverse environmental impact is not evenly distributed among populations, but often falls disproportionately on minority and low income groups. Specific concerns identified include exposure to lead, the siting of hazardous waste landfills, pesticide exposure and drinking water quality. In Oregon, there is concern that minority groups with diets high in fish may be unduly exposed to water pollution from the Columbia and Willamette rivers.

### DEQ'S PROJECT ON ENVIRONMENTAL JUSTICE

DEQ and other agencies want a better understanding of the effect of environmental pollution. Consequently, the DEQ is heading up this project with assistance from the state Health Division and other state and federal agencies. Ultimately, the goal is for the state to recognize and take appropriate action to ensure that environmental risks are assessed and regulated in a fully equitable manner.

The DEQ project is the state's first effort at examining how minorities and low income groups may be disproportionately affected by environmental hazards. This project will assist our efforts to define issues and develop corrective action through the following stated objectives:



Page 2

- To gather quantitative and qualitative information on environmental equity.
- To enhance the public and governmental awareness of environmental equity.
- To identify issues relating to regulatory practices that may pose greater risks to minority or low income populations.
- To propose recommendations on an interagency approach to assure equity in all state environmental regulatory decisions.

Towards the end of this year a citizen advisory committee will be created to provide assistance to the Department in fulfilling the project objectives. We would also solicit any recommendations you might make for membership on this committee.

As a follow-up to this letter, DEQ will conduct telephone interviews to gain perspective from the minority community as well as others interested in and involved with environmental equity issues. As stated above, if your group wishes to participate in a telephone interview please fill out the enclosed self-addressed postcard providing the name of your organization, a contact name, address and phone number. If there are questions regarding this project or the interviews, contact Roberta Young at 229-6408 or Maria Menor at 229-6792.

Thank you for your help.

Sincerely,

Fred Hansen  
Director

FH:y  
MY108090

Enclosure

## Department of Environmental Quality

The Department is authorized to maintain, restore, and preserve the state's air and water resources and to manage hazardous and solid waste. These authorities are vested in a five member Environmental Quality Commission appointed by the Governor and responsible for overseeing Department policy.

Over twenty managers were interviewed from the various program areas and regions and the following identified as potential justice issues.

**Predominant Issue:** the Department needs to do a better job of examining all factors that can predispose a population or geographic area to risk.

### **Potential Equity Issue**

Public outreach does not extend to all segments of the population.

### **Nature of Potential Inequity**

Disadvantaged groups perceive that they have no influence in decision-making process, and agency does not do a good job of finding out why it is not hearing from minority and low-income populations.

### **Potential Solutions**

- Improve outreach coordination with existing local network, for example, through county health structure.
- Take more proactive role in public notification than notice & comment process.
- Enlist help of organizations that have credibility with these communities.
- Tailor messages to target audiences by addressing language barriers, possible education level bias.
- Educate staff who deal with public about risk communication.

### **Potential Equity Issue**

Use of EPA standards which assume exposure to the "average population."

### **Nature of Potential Inequity**

Such standards may not be stringent enough to protect groups outside what is considered the average population. This issue is addressed differently across divisions:

### **Potential Solutions**

- Change in rule-making that would require an equitable impact analysis as well as analyses for environmental and financial impact.
- Adjust national criteria either on a site specific basis or to protect the most sensitive population:
  - ▶ Conduct fish consumption surveys of populations in Oregon, then ratchet down water quality criteria to protect the most sensitive population (the population that consumes the most fish) versus on a site-specific basis.
  - ▶ Adjust EPA hazardous waste standards in order to do site-specific evaluation.
  - ▶ In order to make assumptions about exposure levels during cleanup action, determine which populations are being impacted, then take EPA's toxicological data and plug into site-specific exposure scenario.

## Oregon Health Division

### **Potential Equity Issue**

Is there potential for inequity in the Division's guidelines for human health risk assessment?

### **Authority**

The Division's Center for Health Statistics and Epidemiology conducts risk assessments for studies of communities and communicable diseases, and the Center for Environmental Health conducts risk assessments for non-communicable cases, such as for drinking water.

### **Nature of Potential Inequity**

Human health risk assessments are based on national standards, the working assumptions of which do not take into account most sensitive populations.

### **Potential Solutions**

- Interagency coordination of data collection efforts in order to provide population profiles that would help identify most sensitive groups.

## Department of Land Conservation and Development

### Potential Equity Issue

Are there potential opportunities for inequity in the way facilities are sited at the local level?

### Authority

The Department is charged with working with local governments to develop comprehensive land use plans and regulations that conform to state goals; review amendments to these plans; and conduct periodic reviews of these plans.

### Nature of Potential Inequity

State goals do not require communities to consider composition of communities in land use planning; therefore, local plans may (un)knowingly be skewed against minority & low-income communities.

### Potential Solutions

- Change rulemaking to better explicate the necessity of equity considerations. An example would be requiring a site demographic study before a project is approved.
- Use State Agency Coordination programs as vehicle for addressing this issue by those agencies for which environmental justice is an area of concern.

## Department of Water Resources

### **Potential Equity Issue**

Is there potential for inequities in the determination of allowable future uses?

### **Authority**

ORS 536.340 charges Water Resources Commission with prescribing preferential categories & quantities of future water use in the state.

### **Nature of Potential Inequity**

The issue is the lack of knowledge about the affected population's dependence on a waterway, which is due to lack of participation by these groups in public processes.

### **Potential Solutions**

- Work with Oregon Department of Fish and Wildlife to help identify potentially impacted groups and to assist in outreach.

## Oregon Department of Agriculture

### **Potential Equity Issue**

Is there potential for inequity in the way the Dept enforces pesticide laws?

### **Authority**

The Department is charged with administering state pesticide laws (ORS.634) and is designated by EPA to administer the laws of the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA).

### **Nature of Potential Inequity**

Whether Dept provides migrant agricultural workers (who are largely minorities) with adequate protection from pesticides by adequately investigating misuse.

### **Potential Solutions**

- Conduct more proactive observation through inspection, versus reactive investigation.
- Coordinate action with state OSHA, which will be charged with enforcing laws on pesticide worker protection.
- DEQ and EPA also have a role in providing information to farmworkers and requiring sanitary provisions to allow farmworkers to clean up after exposure to chemicals.



## **Oregon Department of Fish and Wildlife**

### **Potential Equity Issue**

Lack of public outreach to populations that may be disproportionately impacted due to their fishing preferences.

### **Authority**

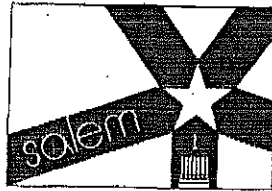
ORS 506.109 outlines the goals of food fish management which include permitting an optimum and equitable utilization of available food fish.

### **Nature of Potential Inequity**

The Department does not have the ability to conduct in-depth testing that would yield baseline information in the areas of water quality and whether certain populations do bear a disproportionate risk.

### **Potential Solutions**

- 
- Department of Environmental Quality and Environmental Protection Agency in conjunction with Oregon Health Division should conduct testing then reach consensus on criteria for what is/not safe for human consumption.
- ODFW would then be able work with DEQ and OHD to develop guidelines on what to fish and how to eat what is caught.



CITY OF SALEM, OREGON  
CityHall / 555 Liberty St. S.E.  
Zip Code 97301-3503

Public Works Department  
(503) 588-6211  
FAX (503) 588-6025  
T.D.D. (503) 588-6013

December 8, 1993

Mr. Fred Hansen, Director  
Department of Environmental Quality  
811 SW Sixth  
Portland OR 97204

**SUBJECT: BORNITE MINING IN THE NORTH SANTIAM RIVER BASIN**

Dear Mr. Hansen:

We understand an expedited hearing for this project is now being considered by the Department of Environmental Quality (DEQ).

The City of Salem has been actively involved in the preparation of the Environmental Impact Statement for this project. We agree with the Final Environmental Impact Statement. However, this agreement is based on the understanding that DEQ will continue to strictly regulate this activity in the North Santiam River after the mine is in operation.

We have no concerns with an expedited hearing as long as we are informed about the date and given an opportunity to testify.

Sincerely,

Frank Mauldin  
Public Works Director

*inc5/bornite*

State of Oregon  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
**RECEIVED**  
DEC 08 1993

OFFICE OF THE DIRECTOR

FH

Dick Briggs Consulting Services  
80 W. 23rd Ave  
Eugene, Oregon 97405  
503 343 4670

December 8, 1993

Environmental Quality Commission  
811 SW Sixth Ave  
Portland, OR 97204-13490

Reference Item F your Friday, 10 December Agenda, State  
Integrated and Solid Waste Management Plan.

Dear Commissioner;

The proposed plan indicates that there has been a great deal of thoughtful work done in developing this plan. Like any good initial product there are policy areas that need emphasis. To make resource reduction, recycling and reuse actually happen there must be a market and the material must be economical to collect. While the plan addresses these concerns to varying degrees and in a variety of methods, it does not directly address incentives. Almost all change in both people and systems are caused by incentives, most of which are by positive incentives. The proposed plan provides little emphasis that incentives are needed to encourage behavior and system changes. The following concepts and additions will significantly improve the plan.

Add policy that clearly directs action to provide regulatory and financial incentives to encourage resource reduction, recycling and reuse. Action items could include; the review of existing regulations to remove disincentives; ensuring new and revised regulations promote and provide incentives for resource reduction, recycling and reuse; and that regulatory incentives and financial incentives will be considered and incorporated into planning efforts and updates of this plan.

It is my belief that we would agree that these concepts are needed to encourage and promote resource reduction, recycling and reuse of our resources.

Specific suggested changes to the Plan to provide policy direction on using regulatory and financial incentives to achieve resource reduction and re utilization are as follows:

Page 11, Add under Government Will: Develop regulations that encourage and provide regulatory and financial incentives for source reduction, recycling and reuse of resources.

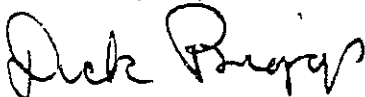
Page 14, Add under Government Will: Insure that regulatory efforts promote and provide incentives for source reduction, recycling and reuse of our resources.

Page 26, Add under Government agencies will; ) Insure that regulatory and financial incentives promote source reduction, recycling and reuse of resources. Responsible Parties: DEQ, OED. Timeline: First Third

Page 30, Add under Objective 2, line two, after the word financial " and regulatory" incentive"s",

These changes are needed to provide the incentives to help make both the system and the plan work. I would also suggest that you ask that the use of regulatory and financial incentives be part of your December 1995 plan progress review.

Thank you,



Dick Briggs

**Eugene Water & Electric Board**

500 East 4th Avenue  
Post Office Box 10148  
Eugene, Oregon 97440-2148 503-484-2411

Fax 503-484-3762

December 9, 1993

Mike Downs  
Department of Environmental Quality  
811 S.W. Sixth Avenue  
Portland OR 97204

Dear Mr. Downs:

I am writing on behalf of the Eugene Water & Electric Board (EWEB) to express strong reservations concerning potential relaxation of OAR 340-41-470 (1), which prohibits further discharges to the McKenzie River (above Hayden Bridge) in order to preserve existing high quality waters for municipal water supplies and recreation. We are also concerned about the lack of public notice or collaboration with affected municipalities on such an important matter. I understand that the Environmental Quality Commission will take up this matter in its December 10, 1993 meeting.

EWEB provides water service within the city limits of Eugene and to certain areas outside the city limits through the facilities of the Glenwood, Santa Clara and River Road Water Districts, and the Willamette Water Company. EWEB's single source of water is the McKenzie River. Almost 150,000 parties, including residents, businesses and industries depend on the McKenzie as a clean water source.

With national concerns over the quality of drinking water and with tighter federal and state standards on drinking water quality, protection of our water supply is of utmost importance to EWEB. EWEB was one of the original partners in the creation of the McKenzie River Watershed Management Program. A local Watershed Council consisting of representatives from federal, state and local governments, private interests and the general public, has now been formed to address various McKenzie watershed issues (membership and charter are enclosed). The common thread running through the identified issues is the protection of this resource. Relaxation of OAR 340-41-470 (1) strikes at the heart of these issues.

**Commissioners**

Sarah Hendrickson

Susan Smith

Mike Dyer

Dorothy Anderson

Glen Gibbons, Jr.

**General Manager**

Randy L. Berggren

EWEB urges the Department to share our concerns with the Commission, requests the Commission not to take any unilateral action that would impact the McKenzie River and asks for an opportunity to participate in future discussions regarding this important issue.

I appreciate the opportunity to share our concerns with you. Please feel free to call me at 341-8525 if you have any questions or comments on this matter.

Sincerely,



Laurie Power  
Environmental Manager

enclosure

cc w/attach: Rajeev Kapur, DEQ  
Barbara Burton, DEQ

cc w/out attach: Susan Brody, EWEB  
Randy Berggren, EWEB  
Kimber Johnson, EWEB

## MCKENZIE RIVER WATERSHED COUNCIL

### CHARTER

#### Purpose

The McKenzie Watershed Council was formed to help address watershed management issues in the McKenzie River watershed and provide a framework for coordination and cooperation among key interests in the development and implementation of a watershed action program.

#### Mission

To foster better stewardship of the McKenzie River watershed resources, deal with issues in advance of resource degradation, and ensure sustainable watershed health, functions, and uses.

#### Relationship to Decision-Making Bodies and Communities of Interest

The McKenzie Watershed Council is an advisory body to established decision-making bodies and communities of interest. As such the council makes recommendations concerning the protection, restoration and enhancement of the quality of the McKenzie River Watershed.

The agencies, organizations and interests represented on the council are not obligated to adopt or carry out the recommendations of the council, but will give due consideration to the recommendations and take actions they consider appropriate. These agencies, organizations and interests will report back to the council on any actions taken in response to council recommendations.

The council welcomes and will respond to requests for advice on actions affecting the watershed that are proposed by local, state and federal agencies; organizations; or interests.

Council partners will keep their respective agencies, organizations and interests informed about the work of the council and will bring their concerns to the council.

#### Goals and Objectives

- Improve communication among affected private individuals, interested citizens and representatives of local, state and federal agencies;
- Establish a framework for coordination, cooperation, and citizen involvement;
- Provide a forum for resolving problems and conflicts related to the council's mission when all parties to the problem or conflict agree to refer the matter to the council;
- Develop an integrated, comprehensive watershed management program, which includes an action plan, to achieve and maintain watershed health;
- Provide ongoing program evaluation during implementation; and
- Promote ongoing monitoring of the health of the McKenzie River Watershed.

### Specific Tasks/Responsibilities

- Approve a public involvement program to ensure an appropriate level of citizen participation in the council's work;
- Determine the current condition and uses of the watershed;
- Identify the desired condition and uses of the watershed;
- Prepare a proposed watershed action program, including recommended policies and actions, to achieve and maintain the desired condition;
- Monitor implementation of the watershed action program;
- Help resolve issues among diverse interests in the watershed;
- Seek funding to support program development and implementation, including funding from agencies represented on the council;
- Address the needs and concerns of the respective agencies, organizations and interests represented on the council; and
- Adopt and implement a work program, monitor work program progress and budget, and give direction to project staff.

### Cooperative Partners

The McKenzie Watershed Council shall at all times include representatives from the following interests: local government, water utility, McKenzie Valley residents, resource users (e.g., agriculture, private timber), corporate timber, major water consumers, environmental, state government, and federal government. A majority of partners shall be local citizens, including local officials. The charter council partners include:

<u>Interest</u>	<u>Agency/Organization</u>	<u>Position</u>
Local government	Lane County	Commissioner
Local government	City of Eugene	City Councilor
Local government	City of Springfield	City Councilor
Water utility	Eugene Water & Electric Board	Commissioner
McKenzie Valley residents	McKenzie Residents Assn.	Assn. member
McKenzie Valley residents	McKenzie Residents Assn.	Assn. member
McKenzie Valley residents	Mohawk Community Council	Council member
Corporate timber	Weyerhaeuser Company	Land Use Manager
Resource users	E. Lane Soil & Water Conserv. Dist.	Board member
Resource users	Rural Resources Develop. Comm.	Committee Co-Chair
Major water consumers	Agripac Cooperative	Plant Manager
Environmental	McKenzie Fisheries Restoration Fund	Board member
Environmental	Pacific Rivers Council	Admin. Director
State government	Water Resources Department	Div. Administrator
State government	Division of State Lands	Asst. Director
Federal government	USDOI-Bureau of Land Management	Area Manager
Federal government	USDA-USFS, Willamette National Forest	Forest Supervisor
Federal government	U.S. Army Corps of Engineers	Region Project Mgr.



The partners shall serve at the pleasure of their respective agencies and organizations. Partners may designate an alternate that will participate on the council in the partner's absence.

The council will act to replace partners who resign or are unable to continue serving on the council. The council will strive to maintain continuity and the balance of interests by giving preference to representation from the same agencies and organizations at a similar or higher level position. The council will request the agency or organization to nominate a replacement representative. If the agency or organization is unable or unwilling to do so, the council will seek representation from another agency or organization of the same community of interest.

The council may add agencies, organizations or interests as council partners upon nomination by an existing partner and approval by the council.

### Organization and Procedures

The council will use a consensus decision-making process.

The council will select a chair or co-chairs to serve as spokesperson(s), advise project manager on council agendas, call and manage council meetings, enforce groundrules, and perform other tasks assigned by the council. The council may select other officers as needed.

The council may form subcommittees of its own partners and task groups that include individuals not on the council to perform certain functions or focus on specific issues. The council also will identify technical advisors who can provide technical data and assistance and call on these experts as needed.

Lane Council of Governments will provide staffing and project management and coordination. In addition, partner agencies, organizations and interests may provide staff assistance when requested by LCOG or the council.

A Coordination Team, consisting of representatives of partner agencies, will assist the project manager in obtaining information and technical assistance and carrying out tasks assigned by the watershed council.

Funding for the first phase of the project is provided through a grant from the Environmental Protection Agency.

### Amendments

The council may propose amendments to this charter at any time as needed. The council will refer proposed amendments to the represented agencies, organizations and interests for approval. Amendments will become effective after all represented groups indicate their approval.

## WATERSHED COUNCIL MEMBERS

**DOROTHY ANDERSON**

Board Member  
Eugene Water & Electric Board  
PO Box 10148  
Eugene OR 97440  
345-2820 (h)  
FAX 341-1889

**LOUISE BILHEIMER**

Administrative Director  
Pacific Rivers Council  
PO Box 309  
Eugene OR 97440  
345-0119 (w)  
FAX 345-0710

**SUE BOWERS**

Land Use Manager  
Weyerhaeuser Company  
PO Box 275  
Springfield OR 97477  
741-5251 (w)  
FAX 741-5589

**BOB BUMSTEAD**

McKenzie Fisheries Restoration Fund  
3570 Glen Oak Dr.  
Eugene OR 97405  
687-3216 (w)  
342-1606 (h)

**DEL DRISKILL**

Plant Manager  
Agripac Cooperative  
799 Ferry St.  
Eugene OR 97401  
484-3601 (w)  
FAX 485-5145

**PENNY ENGLERT**

Mohawk Community Council  
39648 Howard Rd.  
Marcola OR 97454  
341-6569 (w)  
933-2864 (h)

**MARIE FRAZIER**

Lane County Commissioner  
125 E. 8th Ave.  
Eugene OR 97401  
687-4203 (w)  
FAX 687-3803

**GEORGE GRIER**

Co-Chair Water Resources  
Subcommittee  
Rural Resources Development Committee  
1342½ N. 66th St.  
Springfield OR 97478  
683-3737 (w)  
FAX 683-2084

**DARREL KENOPS**

Forest Supervisor  
USDA-USFS Willamette National Forest  
PO Box 10607  
Eugene OR 97440  
465-6533 (w)  
FAX 465-6717

**BARBARA KELLER**

Eugene City Councilor  
777 Pearl St.  
Eugene OR 97401  
344-8052 (w)  
FAX 341-5894

**BECKY KREAG**

Administrator  
Resource Management Division  
Water Resources Department  
3850 Portland Road NE  
Salem OR 97310  
378-8455 X247 (w)  
FAX 378-8130

**LEE LAURITZEN**

Area Manager  
Bureau of Land Management  
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FAX 683-6981

**JOHN LILLY**

Assistant Director Policy & Planning  
Division of State Lands  
775 Summer St.  
Salem OR 97310  
378-3805 X281 (w)  
FAX 378-4844

**LEROY PETERSEN**

Board Member  
E. Lane Soil & Water Conservation District  
39112 Upper Camp Creek Rd.  
Springfield OR 97478  
746-2961 (h)  
747-7306 (msg)

**GREG SHAVER**

Springfield City Council  
1225 Water St.  
Springfield OR 97477  
726-1410 (h)

**BECKY SOLOMON**

McKenzie Residents Assn.  
41947 Deerhorn Rd.  
Springfield OR 97478  
896-0122 (h)

**WADE STAMPE**

Project Manager  
Army Corps of Engineers  
PO Box 429  
Lowell OR 97452  
937-2131 (w)  
FAX 937-3401

**TED WEST**

McKenzie Residents Assn.  
PO Box 129  
Vida OR 97488  
896-0453 (h & w)

12-10-93

MR HANSEN

WHILE I CAN NOT SPEAK FOR THE CITY OF SALEM I AM FAMILIAR WITH THEIR TREATMENT PROCESS. IT IS A SLOW SAND FILTER FILTRATION PROCESS AND WOULD BE MORE VUNERABLE TO POSSIBLE CONTAMINATION OF THE SANTIAM THAN WOULD ~~THE~~ CONVENTIONAL TREATMENT PLANTS SUCH AS THOSE LOCATED ON THE CLACKAMAS RIVER

Jay C Deadwood  
CITY OF LAKE OSWEGO.

TEXT OF THE PROPOSED RULE AMENDMENT

KINROSS COPPER CORPORATION

December 10, 1993

340-41-470

(1) In order to preserve the existing high quality water for municipal water supplies and recreation, it is the policy of the EQC to prohibit any further waste discharges to the waters of:

(a) The Clackamas River Subbasin;

(b) The McKenzie River Subbasin above the Hayden Bridge (river mile 15);

(c) The North Santiam River Subbasin, except Bornite Brook and Cedar Creek. The Department may approve new discharges to Bornite Brook or Cedar Creek only if the Department determines that the discharges (i) will not significantly impair the existing high quality water of the subbasin for municipal water supplies, recreational uses, or other designated beneficial uses of the subbasin and (ii) will meet all other applicable requirements for issuance of discharge permits. The Commission may review and affirm, modify, or reverse any Department determination under this paragraph at its next regularly scheduled meeting after the Department's issuance of a discharge permit, either on its own motion or at the request of any interested person.

BEFORE THE ENVIRONMENTAL QUALITY COMMISSION  
OF THE STATE OF OREGON

In the matter of the petition of )  
KINROSS COPPER CORP. to amend ) PETITION FOR RULE AMENDMENT  
paragraph (1)(c) of Oregon )  
Administrative Rules chapter 340, ) (ORAL PRESENTATION  
division 41, section 470. ) REQUESTED)

I. INTRODUCTION AND SUMMARY

Pursuant to ORS 183.390 and OAR 137-01-070, Kinross Copper Corp. (Kinross) respectfully petitions the Commission to amend paragraph (1)(c) of OAR 340-41-470 at or before the Commission's scheduled January 1994 meeting.

OAR 340-41-470 establishes special water quality policies and guidelines for portions of the Willamette River Basin. Among these special policies is that contained in subsection (1), which prohibits new waste discharges within three large subbasins. The prohibition is intended to preserve the existing high-quality waters in the subbasins for municipal water supplies and recreation. Specifically, OAR 340-41-470(1) provides:

In order to preserve the existing high quality water for municipal water supplies and recreation, it is the policy of the EQC to prohibit any further waste discharges to the waters of:

- (a) The Clackamas River Subbasin;
- (b) The McKenzie River Subbasin above the Hayden Bridge (river mile 15);
- (c) The North Santiam River Subbasin.

The difficulty posed by this policy is that its reach far exceeds the problem that it is meant to address. Although

the policy is intended to preserve high-quality waters for municipal water supplies and recreation, the policy prohibits all further discharges to these subbasins, including discharges that demonstrably would not impair existing high-quality water for municipal water supplies and recreation. Given the large size and population of these subbasins, the absolute nature of the rule has substantial negative economic effects, particularly in the economically depressed North Santiam Subbasin--without any corresponding environmental benefit.

Since OAR 340-41-470(1) was adopted in 1977, the Department, apparently overlooking the rule, has approved a number of new discharges within these subbasins. These actions have ameliorated the economic effects of the rule, but Kinross understands that the Department now intends to begin applying the rule in accordance with its terms.

The rediscovery of OAR 340-41-470(1) has led the Department to consider whether to initiate permanent rulemaking to make the rule's prohibitions more consistent with its aims. Kinross, however, is not in a position to wait for the completion of the Department's normal rulemaking process.

In July 1992, Kinross applied to the Department for a permit to discharge overflow from Kinross' proposed underground copper mine operations into Bornite Brook, a tributary of Cedar Creek. Cedar Creek, in turn, is a tributary of the Little North Santiam River, which flows into the North Santiam River approximately 25 miles downstream from the mine site. Kinross'

decision to pursue the application, including payment of a \$20,000 application fee, was based on the Department's assurances in pre-application meetings that it was a virtual certainty that a permit could be issued. In further reliance on these assurances, Kinross has expended \$3.2 million to develop the mine.

Kinross understands that, but for OAR 340-41-470(1), which the Department's staff discovered within the last two weeks, the Department would issue a permit for Kinross's discharge. Kinross has completed an Environmental Impact Statement for the project and has, with two exceptions, received all other essential permits for the project, including permits from the Department of Geology and Mineral Industries, the Division of State Lands, the U.S. Forest Service, the U.S. Army Corps of Engineers, and the Department of Forestry. The two exceptions are permits from the Water Resources Department, which Kinross expects to receive no later than January or February of 1994.

Information in the Department's discharge permit application file for Kinross demonstrates that the proposed discharge would be very benign and would not affect the existing high-quality water of the North Santiam Subbasin for use as municipal water supplies or for recreational purposes. In addition, the proposed discharge would not adversely affect the high quality of the water for any other designated beneficial use within the subbasin. Kinross' proposed

discharge, then, would satisfy the intent, although not the letter, of OAR 340-41-470(1).

Because Kinross must have all necessary permits in hand to obtain financing and to complete other work to begin construction of the mine, delay in issuing a discharge permit until the completion of the Department's contemplated rulemaking process would very likely preclude Kinross from beginning construction until 1995. The delay could also threaten the viability of the project, which would provide approximately 100 construction jobs and 80 permanent jobs in the depressed Mill City area.

For these reasons, Kinross respectfully asks the Commission to adopt the proposed amendment to OAR 340-41-470(1)(c). The effect of the proposed amendment would, as a practical matter, be limited to Kinross and would not result in other new discharges to the three subbasins until and unless the rule was further amended after the completion of the Department's normal rulemaking process.



## II. PETITIONER

Petitioner's full name and address is:

Kinross Copper Corp.  
270 S.W. Second Avenue  
P.O. Box 409  
Mill City, Oregon 97360

Kinross is a wholly owned subsidiary of Kinross Gold U.S.A., Inc., whose address is 185 South State Street, Suite 400, Salt Lake City, Utah 84111.

Kinross is represented in this matter by:

Margaret D. Kirkpatrick, OSB No. 82304  
Stoel Rives Boley Jones & Grey  
900 S.W. Fifth Avenue, Suite 2300  
Portland, Oregon 97204

Kinross is an "interested person," as that term is used in ORS 183.390 and OAR 137-01-070(1), because it is an applicant for a discharge permit that may not be issued under the existing rule. The proposed amendment would allow the Department to issue the discharge permit to Kinross, provided that certain factual determinations were made by the Department. Kinross' proposed discharge would be sufficiently benign to allow the Department to make these determinations.

## III. OTHER INTERESTED PERSONS

The proposed amendment would be limited, as a practical matter, to Kinross' proposed discharge. Kinross is not aware of any other person who might be affected by the proposed amendment. The cities of Salem, Stayton, and Lyons (including the unincorporated community of Mehama), however,

divert water from the North Santiam River downstream from its confluence with the Little North Santiam River. These cities, therefore, should be considered interested persons:

City of Salem  
555 Liberty Street S.E.  
Salem, Oregon 97301

City of Stayton  
362 N. Third Avenue  
Stayton, Oregon 97383

City of Lyons  
P.O. Box 81  
Lyons, Oregon 97358

#### IV. RULE TO BE AMENDED

Petitioner asks the commission to amend, no later than its scheduled January 1994 meeting, paragraph (1)(c) of OAR 340-41-470 as follows (the proposed amendment is shown by underlining):

(1) In order to preserve the existing high quality water for municipal water supplies and recreation, it is the policy of the EQC to prohibit any further waste discharges to the waters of:

- (a) The Clackamas River Subbasin;
- (b) The McKenzie River Subbasin above the Hayden Bridge (river mile 15);
- (c) The North Santiam River Subbasin, except Bornite Brook and Cedar Creek. The Department may approve new discharges to Bornite Brook or Cedar Creek only if the Department determines that the discharges (i) will not significantly impair the existing high quality water of the subbasin for municipal water supplies, recreational uses, or other designated beneficial uses of the subbasin and (ii) will meet all other applicable requirements for issuance of discharge permits. The Commission may review and affirm, modify, or reverse any

Department determination under this paragraph at its next regularly scheduled meeting after the Department's issuance of a discharge permit, either on its own motion or at the request of any interested person.

#### V. PROPOSITIONS OF LAW

The Commission's function is "to establish the policies for the operation of the department." ORS 468.015. In particular, the Commission is to "establish standards of quality and purity for the waters of the state in accordance with the public policy set forth in ORS 468B.015." ORS 468B.048(1). That policy is to prevent and abate "pollution," see ORS 468B.015, which is defined by statute as follows:

"Pollution" or "water pollution" means such alteration of the physical, chemical or biological properties of any waters of the state . . . , or such discharge of any liquid, gaseous, solid, radioactive or other substance into any waters of the state, which will or tends to, either by itself or in connection with any other substance, create a public nuisance or which will or tends to render such waters harmful, detrimental or injurious to public health, safety or welfare, or to domestic, commercial, industrial, agricultural, recreational or other legitimate beneficial uses or to livestock, wildlife, fish or other aquatic life or the habitat thereof.

ORS 468B.005(3) (emphasis added).

The state's public policy, then, is not to prohibit all discharges throughout the state or within any particular geographic area. The policy is to regulate--including through prohibitions, where warranted--discharges that, either alone or

in combination with others, will or tend to "create a public nuisance" or will or tend to render the receiving waters "harmful, detrimental or injurious" to designated beneficial uses of those waters. Because OAR 470-41-470(1) prohibits all new discharges without regard to their effects on receiving waters, it not only is not required by state law, it is actually inconsistent with ORS 468B.048, 468B.015, and 468B.005(3).

OAR 470-41-470(1) is also not required by the federal Clean Water Act (Act). The Act requires the EQC, as the state agency responsible for water pollution control, to adopt water quality standards. See 33 U.S.C. § 1313(c)(1). Water quality standards "consist of the designated uses of the . . . waters involved and the water quality criteria for such waters based upon such uses." 33 U.S.C. § 1313(c)(2)(A). The Commission has adopted water quality criteria to protect the designated beneficial uses of the Willamette River Basin and the North Santiam Subbasin. See OAR 340-41-442, -445. If Kinross' discharge is approved, water quality in the receiving streams would continue to far exceed the applicable water quality criteria, and no designated beneficial use, including municipal water supplies and recreation, would be harmed.

In addition, the U.S. Environmental Protection Agency's (EPA's) rules implementing the Act require states to establish an "antidegradation policy" to protect existing water quality. See 40 C.F.R. § 131.12. The Commission has adopted

an antidegradation policy, set forth in OAR 340-41-026, that is fully consistent with EPA's rule. The proposed rulemaking would not affect OAR 340-41-026.

Because the absolute prohibition on new discharges contained in OAR 340-41-470(1) is not required by either state or federal law, and because the prohibition is inconsistent with state law, OAR 340-41-470(1) should be amended to eliminate the prohibition.

## VI. REASONS FOR THE PROPOSED AMENDMENT AND ITS EFFECTS

### A. Need for Expedited Rulemaking

Although it is appropriate to consider amendments to OAR 340-41-470(1) for the reasons discussed above, the normal rulemaking process, including the use of an advisory committee, would require many months. Kinross understands that the Department believes that a new rule could not be adopted under this process until at least April 1994, and perhaps not until June 1994 or even later. If a revised rule is adopted as early as April 1994, and if a proposed discharge permit is issued soon thereafter, the required public review of the permit would probably prevent the Department from issuing a final permit until at least June 1994.

Financing for the proposed project cannot be obtained until after all necessary permits have been issued. Once financing is obtained, approximately three to six additional months will be required to prepare final engineering plans and

to complete other preconstruction work in order to begin construction. This work, then, would not be complete until approximately the end of the year. In order to minimize turbidity, however, certain initial aspects of construction can only occur during the summer and early fall when streamflows are low. If pre-construction work is not completed until the end of 1994, construction could not begin until the summer of 1995.

On the other hand, if the Commission undertakes expedited rulemaking and adopts an amendment to OAR 340-41-470(1) no later than its scheduled January 1994 meeting, a final discharge permit could be issued by early March 1994, and Kinross would then have all essential permits by that date. Kinross could then obtain financing and finish construction preparation work by the end of the summer of 1994. This would enable Kinross to begin construction during the low streamflow period of 1994 rather than 1995, thereby advancing the construction completion date by approximately a year.

In sum, if an amendment to OAR 340-41-470(1) is not adopted by January 1994, the opening of the mine could be delayed approximately a year. In addition to the loss, for the length of the delay, of the employment opportunities that the mine would provide in this economically depressed area, the delay could threaten the economic viability of the project, which would cause a permanent loss of employment opportunities. For these reasons, Kinross urges the Commission to consider an

amendment to OAR 340-41-470(1) expeditiously and outside the Department's normal rulemaking process.

B. Exception for Bornite Brook and Cedar Creek

Kinross has applied to discharge into Bornite Brook, which joins Cedar Creek a short distance downstream from the proposed discharge point. Because Kinross requests expedited rulemaking, Kinross has limited its proposed amendment of OAR 340-41-470(1) to Bornite Brook and Cedar Creek. These two streams are relatively short and in an isolated area of the North Santiam Subbasin. As a practical matter, the amendment would affect only Kinross' discharge.

Limiting the amendment to Bornite Brook and Cedar Creek would enable the Department and Commission to consider amendments to OAR 340-41-470(1) for the remaining streams in the subbasins through the longer, normal rulemaking process. In addition, at the end of this process, the Commission would have the opportunity to revisit and modify the currently proposed amendment if that proved to be warranted.

C. Protection of Existing High-Quality Waters

The quality of the waters of the North Santiam Subbasin, including Bornite Brook and Cedar Creek, exceeds the instream water quality criteria for the protection of designated beneficial uses. In order to protect this existing high-quality water, the proposed amendment would allow the Department to approve a new discharge to Bornite Brook or Cedar Creek only if the Department determined that the discharge

would "not significantly impair the existing high quality water of the subbasin for municipal water supplies, recreational uses, or other designated beneficial uses of the subbasin." This is consistent with the stated purpose of the existing rule, which is "to preserve the existing high quality water for municipal water supplies and recreation."

Kinross' proposed discharge would measurably increase certain pollutant parameters within Bornite Brook for the short distance downstream from the point of discharge to its confluence with Cedar Creek. From this point, increases in pollutant parameters within Cedar Creek would be measurable only for several hundred yards downstream. Thus, well before Cedar Creek joins the Little North Santiam River some miles downstream, the proposed discharge would cause no discernible increase in pollutant parameters within the stream.

No municipalities divert water from the Little North Santiam River or its tributaries. Four cities or unincorporated communities--Salem, Stayton, Mehama, and Lyons--divert water from the North Santiam River downstream of its confluence with the Little North Santiam River. The nearest diversion point, however, is more than 20 miles from Kinross' proposed mine. This is far beyond the point at which the effects of Kinross' discharge would even be measurable. Therefore, the proposed discharge would have no effect on the existing high quality water for municipal water supplies.



Although Kinross' proposed discharge would measurably increase certain pollutant parameters for a short distance within Bornite Brook and Cedar Creek, the resulting water quality would continue to exceed the Department's instream water quality criteria for the protection of designated beneficial uses. The small increase in pollutant parameters would not significantly impair the existing high-quality water even within these short stream segments.

The proposed rule is not intended to allow water quality to be degraded to the point that it just satisfies the instream water quality criteria. The requirement that the Department determine that a proposed discharge will not significantly impair existing high-quality waters within the subbasin will assure the Commission and the public that no significant degradation of these waters would result from approving the discharge.

D. Other Applicable Requirements

The proposed amendment would also prohibit the Department from issuing a discharge permit unless the discharge met "all other applicable requirements for issuance of a discharge permit." This ensures that the proposed amendment would not be construed to exempt discharges to Bornite Brook and Cedar Creek from other applicable discharge permit requirements.

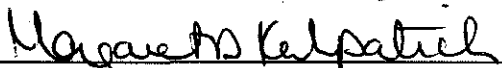
E. Commission Review

As an additional protection for the existing high-quality waters of the subbasin, the proposed amendment would give the Commission the authority to review the Department's determinations under OAR 340-41-470(1)(c). This would ensure that the Department's actions are consistent with the Commission's view of the policy set forth in OAR 340-41-470(1)(c). The Commission could review the Department's determinations (although it need not do so), either on its own motion or at the request of any interested person.

VII. CONCLUSION

For the reasons set forth above, Kinross respectfully asks the Commission to initiate expedited rulemaking to adopt the proposed amendment at or before the Commission's scheduled January 1994 meeting.

DATED: December 10, 1993.

  
Margaret D. Kirkpatrick  
Stoel Rives Boley Jones & Grey  
900 S.W. Fifth Avenue  
Suite 2300  
Portland, Oregon 97204  
(503) 294-9339

Of Attorneys for  
Kinross Copper Corp.

# Notice

## **Special Telephone Conference Call Meeting**

ENVIRONMENTAL QUALITY COMMISSION

Thursday, December 30, 1993  
9:00 a.m.

The Commission will meet by telephone conference call for the purpose of considering approval of pollution control facility tax credit applications. The public can attend the conference call at the following location:

Office of the Director  
Department of Environmental Quality Offices  
811 S. W. 6th Avenue  
Portland, Oregon 97204

# Environmental Quality Commission

- Rule Adoption Item
- Action Item
- Information Item

Agenda Item B  
December 30, 1993 Meeting

**Title:**

Approval of Tax Credit Applications

**Summary:**

Attachment A of the staff report presents the Department's evaluation and recommendation for certification of 4 tax credit applications for Air Quality facilities with a total facility cost of \$2,518,520.00 and 1 Water Quality facility costing \$465,149.00 for a total cost of \$2,983,669.00.

Including requests for certification presented in this report, the total costs claimed on applications submitted to the Department by Oregon businesses and individuals for calendar year 1993 amounted to \$78,798,784.00. Of this amount, the Commission approved \$71,690,465.00 of eligible certifiable costs of which \$68,616,214.00 were allocable to the control of pollution. 50% of this amount, \$34,308,107.00 is the actual gross tax subsidy granted under the Program for 1993. Because the amounts certified are amortized over a period of approximately ten years, the present economic value (annuity due) of 1993 tax relief is approximately \$28,378,122.00, calculated using a discount factor of 4.5%, an estimated average interest rate for 1993 of 10 year Oregon general obligation bonds.


Of the \$10,182,570.00 of ineligible and unallocable costs thus identified, \$1,419,507.00 were identified by the external accounting firms contracted by the Department and the remainder by Department staff. The amount of ineligible/ unallocable costs reflected by the figure above is conservative in that it does not include amounts for applications that were denied by the Department for various reasons or the amounts of claims that were reduced as the result of interaction between the DEQ staff and applicants prior to the submission of applications. Nevertheless, using the assumptions presented above, the present value of these ineligible and unallocable costs amount to approximately \$4,211,282.00.

**Department Recommendation:**

- 1) Approve the issuance of tax credit certificates for 4 applications as presented in Attachment A of the staff report.
- 2) Approve for release to Lamb Weston, Inc. Certificate No. 3227 in conformance with the requirement by the Commission (Dec. 10, 1993 meeting) that the firm provide a certification by their CPA firm stipulating that no revenues accrue to Lamb Weston, Inc. as a result of their agreement with Madison Farms as averred in application no. 3922. Although the firm was unable to obtain a certification from their accountants to verify their claim ( because their tax accounting firm was unwilling to assume the risk of certifying information that is outside their normal tax review operations), Lamb Weston, Inc. has provided a copy of their agreement with Madison Ranch for our review.

  
Report Author

  
Division Administrator

  
Director

December 22, 1993

†Accommodations for disabilities are available upon request by contacting the Public Affairs Office at (503)229-5317(voice)/(503)229-6993(TDD).

State of Oregon  
Department of Environmental Quality

Memorandum<sup>†</sup>

Date: December 30, 1993

To: Environmental Quality Commission  
From: Fred Hansen, Director  
Subject: Agenda Item B, December 30, 1993 EQC Conference Meeting  
Approval of Tax Credit Applications

**Statement of the Need for Action**

This staff report presents the staff analysis of pollution control facilities tax credit applications and the Department's recommendation for Commission action on these applications. The following is a summary of the applications presented in this report:

**Tax Credit Application Review Reports:**

Application Number	Applicant	Description
TC 4174	Alberta Body & Paint	A CFC facility consisting of a machine to remove and clean automobile air conditioner coolant.

**Tax Credit Application Review Reports With Facility Costs Over \$250,000  
(Accountant Review Reports Attached):**

Application Number	Applicant	Description
TC 2681	Georgia Pacific Corporation	A Water Quality facility consisting of 6 75 HP framed submersible aerators, a nutrient addition system, a tank, pump and associated plumbing.

<sup>†</sup>A large print copy of this report is available upon request.

Application Number	Applicant	Description
TC 4100	Intel Corporation	An Air Quality facility consisting of a Harrington ECH 89-5LB scrubber, ducting and support equipment.
TC 4128	Boise Cascade Corp.	An Air Quality facility consisting of three gas fired Cleaver Brooks boilers, modifications to the steam system, including valves, pumps, a monitor, and water softeners, a metal building to house the boilers and two truck bins.
TC 4135	Willamette Industries, Inc.	An Air Quality facility consisting of five baghouses and support equipment.

**Background**

In addition to the approval of the tax credit applications, the report includes the following:

At the December 10, 1993 meeting of the Environmental Quality Commission, Lamb Weston, Inc. was requested to provide a certification from an independent CPA firm averring that there is no cash flow, revenue or income accruing to Lamb Weston, Inc. as a result of their agreement with Madison Ranch (reference Tax Credit # 3992). The firm's tax accountants, Deloitte & Touche, were reluctant to do so because such a certification lies outside the scope of their normal tax review responsibilities. In lieu of the certification Lamb Weston, Inc. has provided the Department with a copy of their agreement with Madison Ranch bearing on this tax credit application. The Department has reviewed the agreement and it appears that, under the agreement, no revenue will accrue to Lamb Weston, Inc. for providing irrigation water and facilities to Madison Ranch unless Madison Ranch requests amounts of water above 1,950 GPM. Increases in flow above 1,950 GPM specifically requested by the User (Madison Ranch, Inc.) may be provided at a delivery cost to the User of \$43.00 per acre foot. The agreement will be made available to any member of the Commission upon request.

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**Authority to Address the Issue**

ORS 468.150 through 468.190 and OAR 340-16-005 through 340-16-050 (Pollution Control Facilities Tax Credit).

ORS 468.925 through 468.965 and OAR 340-17-010 through 340-17-055 (Reclaimed Plastic Product Tax Credit).

**Alternatives and Evaluation**

None.

**Summary of Any Prior Public Input Opportunity**

The Department does not solicit public comment on individual tax credit applications during the staff application review process. Opportunity for public comment exists during the Commission meeting when the applications are considered for action.

**Conclusions**

- o The recommendations for action on the attached applications are consistent with statutory provisions and administrative rules related to the pollution control facilities and reclaimed plastic product tax credit programs.

Memo To: Environmental Quality Commission  
 Agenda Item B  
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o Proposed December 30, 1993 Pollution Control Tax Credit Totals:

<u>Certificates</u>	<u>Certified Costs*</u>	<u>No.</u>
Air Quality	\$ 2,514,625	3
CFC	3,895	1
Field Burning	0	0
Hazardous Waste	0	0
Noise	0	0
Plastics	0	0
Solid Waste - Recycling	0	0
Solid Waste - Landfills	0	0
Water Quality	465,149	1
UST	0	0
<b>TOTALS</b>	<b>\$ 2,983,669</b>	<b>5</b>

Calendar Year Totals Through October 29, 1993:

<u>Certificates</u>	<u>Certified Costs*</u>	<u>No.</u>
Air Quality	\$ 3,611,176	26
CFC	105,037	37
Field Burning	2,590,437	32
Hazardous Waste	0	0
Noise	0	0
Plastics	32,097	4
Solid Waste - Recycling	1,455,468	13
Solid Waste - Landfills	10,100,739	6
Water Quality	20,314,911	30
UST	5,794,736	54
<b>TOTALS</b>	<b>\$ 44,004,601</b>	<b>202</b>

\* These amounts represent the total facility costs. To calculate the actual dollars that can be applied as credit, the total facility cost is multiplied by the determined percent allocable of which the net credit is 50 percent of that amount.



Memo To: Environmental Quality Commission  
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**Recommendation for Commission Action**

It is recommended that the Commission approve certification for the tax credit applications as presented in Attachment A of the Department Staff Report. It is also recommended that the Commission approve the issuance of the previously approved certificate no. 3227 for Lamb Weston, Inc..

**Intended Followup Actions**

Notify applicants of Environmental Quality Commission actions.

**Attachments**

- A. Pollution Control Tax Credit Application Review Reports.

**Reference Documents (available upon request)**

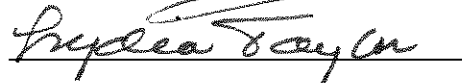
1. ORS 468.150 through 468.190.
2. OAR 340-16-005 through 340-16-050.
3. ORS 468.925 through 468.965.
4. OAR 340-17-010 through 340-17-055.

Approved:

Section:



Division:



Report Prepared By: Charles Bianchi

Phone: 229-6149

Date Prepared: December 27, 1993

Charles Bianchi  
TCDEC.EQC  
Dec. 23, 1993 Draft

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

---

1. Applicant

Alberta Body & Paint  
6842 N. E. Union Ave.  
Portland, OR 97217

The applicant owns and operates an auto body repair establishment in Portland, Oregon.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be three years.

Claimed Facility Cost: \$3,895.00  
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on November 3, 1993. The facility was placed into operation on November 3, 1993. The application for final certification was submitted to the Department on November 10, 1993. The application was found to be complete on December 22, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by capturing and/or recycling air contaminants, as

defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415.

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

- 2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at \$9.00/pound. The applicant estimated an annual coolant recovery rate of 60 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine

- o Additional labor to operate machine
- o Machine maintenance costs

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

A distinct portion of this automobile air conditioning coolant recovery and recycling equipment makes an insignificant contribution to the principal purpose of the claimed facility. This coolant recovery equipment has the capability to return (recharge) coolant to automobile air conditioning systems. Recharge capabilities in coolant recovery and recycling equipment is not required by state or federal

law. The additional expense incurred in the purchase of equipment with recharge capabilities is not allocable to pollution control. The Department estimates the additional expense incurred is \$700.00.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 82%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 82%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$3,895.00 with 82% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. 4174.

BKF  
(503) 229-5365  
December 22, 1993

State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

1. Applicant

Georgia-Pacific Corporation  
Toledo Paper Division  
P.O. Box 580  
Toledo, OR 97391

The applicant owns and operates an unbleached kraft pulp and linerboard manufacturing plant in Toledo, Oregon.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

The facility consists of six 75 HP framed submersible aerators, a nutrient addition system, a tank, pump and associated plumbing.

Claimed Facility Cost: \$465,149

An applicant's Accountant's Certification was provided. A cost allocation review of this application by an independent accountant has indicates that all the claimed facility costs are related directly to the construction of the facility.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met statutory deadlines in that construction of the facility was substantially completed and operational December 4, 1989 and the application for certification was submitted on December 2, 1991. Additional information was requested and submitted on July 16, 1992 and December 30, 1992. The application was found to be complete on December 30, 1992. However, a determination as to the eligibility of the application vis. a vis the two year time limitation was not resolved until November 1993.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to reduce water pollution. The requirement is to comply with permit effluent limitations. This reduction is accomplished by the use of treatment works for industrial waste as defined in ORS 468B.005.

On March 29, 1988, Georgia-Pacific (GP) was issued a Notice of Violation for exceeding the permitted BOD mass discharge. GP submitted a proposal to modify the treatment lagoons. Following a study of the treatment lagoons in August 1988, GP installed six 75-hp bottom-type submersible aerators at the inlet side of the lagoons and a nutrient addition system. The nutrient addition system provides nitrogen and phosphorus for biological activity in the treatment lagoons.

Since the construction of the facility the company has been in compliance with its BOD permit effluent limitations.

- b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no return on investment for this facility because there is no income derived from the wastewater treatment lagoons.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

No other method or facilities were considered. The most cost effective solution was to increase the number of aerators and to provide a nutrient addition system.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings from the facility. The cost of maintaining and operating the facility is \$93,777 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

The Environmental Quality Commission has directed that tax credit applications at or above \$250,000 go through additional accounting review to determine if costs were properly allocated. This review was performed under contract by the accounting firm of KPMG Peat Marwick. As stipulated in their report (attached), all the costs included in the application are allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce water pollution and accomplishes this purpose by the use of treatment works to treat industrial waste as defined in ORS 468B.005.
- c. The facility complies with DEQ statutes and rules and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of



Application No. T-2681  
Page 4

\$465,149.00 with 100% allocated to pollution control, be  
issued for the facility claimed in Tax Credit Application  
No. T-2681.

RCDulay  
(503) 229-5374  
June 14, 1993



# Peat Marwick

Certified Public Accountants

Suite 2000  
1211 South West Fifth Avenue  
Portland, OR 97204

Telephone 503 221 6500

Telefax 503 223 0182

December 23, 1993

Environmental Quality Commission  
811 S. W. Sixth Avenue  
Portland, Oregon 97204-1390

**Commissioners:**

At your request, we have performed certain agreed-upon procedures, as discussed below, on certain accounting records of Georgia Pacific Corporation (the Company) and the Company's Pollution Control Tax Credit Application #2681 (the Application) filed with the State of Oregon, Department of Environmental Quality (DEQ) for a Water Pollution Control Facility in Toledo, Oregon (the Facility). The application has a claimed Facility cost of \$465,149. Our procedures and findings are as follows:

**Procedures**

1. We read the application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits - Section 468.150 through 468.190 (Statutes), and the Oregon Administrative Rules on Pollution Control Tax Credits - Sections 340-16-005 through 340-16-050 (OAR's).
2. We reviewed certain documents which support the Application.
3. We discussed the Application with certain DEQ personnel, including Charles Bianchi and Renato Dulay.
4. We discussed certain components of the Application with Company personnel including Dan Kunde, Process Engineer and Roger McGraw, Manager - Cost Accounting.
5. We requested that Company personnel confirm the following:
  - a) There were no related parties or affiliates of the Company which had billings (other than internal labor) which were included in the Application.
  - b) In accordance with ORS 468.155(2)(e), the Facility is not a "replacement or reconstruction of all or a part of any facility for which a pollution control facility certificate has previously been issued. . ."
  - c) All costs included in the Application related directly to the construction of the Facility and were not related to maintenance and repairs.



~~XXXXXX~~ Peat Marwick

Environmental Quality Commission  
December 23, 1993  
Page 2

- d) All amounts included in the Application relate directly to pollution control, and none of the amounts included in the Application relate to costs that would have been incurred by the Company to upgrade/maintain the Facility in the normal course of business.

**Findings**

- 1. - 4. No matters came to our attention that caused us to believe that the Application should be adjusted.
- 5. Company personnel confirmed that such assertions were true and correct.

\*\*\*\*\*

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified items should be adjusted, except for the items mentioned in our findings. Had we performed additional procedures or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company taken as a whole.

It is understood that this report is solely for the use of the State of Oregon Environmental Quality Commission, the Department of Environmental Quality and the Company and should not be used or distributed for any purpose to anyone who is not a party to the Application.

*KPMG Peat Marwick*

State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

---

1. Applicant

Intel Corporation  
Oregon Site  
3065 Bowers Avenue  
Santa Clara, CA 95051

The applicant owns and operates a microcomputer chip manufacturing complex in Aloha, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The facility controls the emissions of toxic air contaminants to the atmosphere from the applicants Fab 5 manufacturing operation. The facility consists of one Harrington ECH 89-5LB scrubber, ducting, and support equipment.

Claimed Facility Cost: \$748,698.00

The accounting review contracted by the Department determined the applicant had not properly excluded \$8,057.00 of costs which make an insignificant contribution to the principal purpose of pollution control.

Adjusted facility cost: \$740,641.00  
Accountant's Certification was provided.

The applicant indicated the useful life of the facility is ten years.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Construction, Installation of the facility was substantially completed on January 3, 1993 and placed into operation on November 15, 1992. The application for final certification was received by the Department on

June 23, 1993. The application was found to be complete on November 2, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the sole purpose of the facility is to control air pollution. The air contaminants controlled are toxic pollutants. The Department is currently developing rules under Title III, of the Clean Air Act Amendments of 1990, for the control of air toxics. In the interim, the Department is implementing guidelines that require new sources and major modifications to existing sources to quantify their emissions of air toxics. Proposed emission levels are evaluated relative to established Significant Emission Rates (SER) for each air toxic. New sources which generate air toxics above the SER are required to model concentration levels for site specific conditions to determine if emissions meet or exceed acceptable risk levels. The emission rates for each air toxic as controlled by the scrubbers, is below the SER. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005

The Fab 5 microchip fabrication process' exhaust scrubber system controls the emissions of the following toxic air contaminants:  $H_2SO_4$ ,  $H_3PO_4$ ,  $HNO_3$ ,  $HCl$ ,  $HF$ ,  $NaOH$ ,  $NH_4OH$ ,  $CH_3CO_2OH$ ,  $NF_3$ ,  $NH_3$ , and  $Cl_2$ . The combined exhaust resulting from these contaminants is acidic. These substances are generated by the applicant's photo-resist developer chambers, etcher reaction boxes, and wet stations used for microcomputer chip wafer surface purification. The fabrication area process exhaust scrubber system expansion consists of one Harrington ECH 89-5LB scrubber, a fan, pumps, exhaust ducting additions, fire protection equipment, acid resistant surface coatings, and support structures.

The scrubber body is filled with high surface area plastic packing media. Water runs over the media providing a wet surface for the process exhaust to pass over. The scrubber fan pulls exhaust through the scrubber and acid fumes are adsorbed on the media surface. The scrubber system includes

circulation pumps, a sump pump, and a chemical feed pump. The scrubber's control system utilizes these pumps to maintain high PH in the scrubber water and a low dissolved solids content.

The Harrington scrubber is located in the southwest corner of the Fab 5 building. This is the section of the building new manufacturing operations were established in. A main duct branch, varying from 48" to 24" in diameter, extends east from the scrubber for 40 feet. This branch collects fumes vented from the new sections of the manufacturing operation. The Harrington scrubber also controls a portion of the process exhaust generated by equipment in the expanded pre-existing sections of the manufacturing operation. This equipment is located in the northwest section of the Fab 5 building. Five pre-existing 24" duct branches connect the northwest and southwest sections of the process exhaust system. The new process equipment feed additional exhaust to the scrubber system. The new scrubber compensates for this increased load.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no income or savings from the facility, so there is no return on the investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Water scrubbers are a technically accepted method for controlling the emissions of acid fumes to the atmosphere.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There is no savings from the facility. The cost of maintaining and operating the facility is \$57,602 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

The Environmental Quality Commission has directed that tax credit applications at or above \$250,000 go through an additional Departmental accounting review, to determine if costs were properly allocated. This review was performed under contract with the Department by the accounting firm of Symonds, Evans & Larson (see attached report).

Other than the non allocable costs referenced in section 2, the cost allocation review of this application has identified no issues to be resolved and confirms the cost allocation as submitted in the application.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the sole purpose of the facility is to control air pollution.
- c. The facility complies with statutes, rules, and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$740,641.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4100.

BKF:AQ  
MISC\AH72927  
November 3, 1993



**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

Environmental Quality Commission  
811 S.W. Sixth Avenue  
Portland, Oregon 97204

At your request, we have performed certain agreed-upon procedures with respect to Intel Corporation's (the Company's) Pollution Control Tax Credit Application No. 4100 (the Application) filed with the State of Oregon, Department of Environmental Quality (DEQ) for the Air Pollution Control Facility in Aloha, Oregon (the Facility). The Application has a claimed Facility cost of \$748,698. Our procedures, findings and conclusion are as follows:

Procedures:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits – Sections 468.150 through 468.190 (the Statutes), and the Oregon Administrative Rules on Pollution Control Tax Credits – Sections 340-16-005 through 340-16-050 (OAR's).
2. We reviewed certain documents which support the Application.
3. We discussed the Application, the Statutes and OAR's with certain DEQ personnel, including Charles Bianchi and Brian Fields.
4. We discussed certain components of the Application with Company personnel including John Arand and Lisa King.
5. We toured the Facility with Mr. Arand.
6. We requested that Mr. Arand confirm the following:
  - a) There were no related parties or affiliates of the Company which had billings which were included in the Application.
  - b) There were no internal costs of Intel that were included in the Application other than labor of \$6,377 (subsequently reduced to \$1,482 – see Findings).
  - c) The capacity of the Facility is adequate for the Company's present operations and does not include significant capacity for potential future operations.
  - d) The Company presently derives no income or cost savings from operating the Facility.

**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

Findings:

1. through 5.

No matters came to our attention that caused us to believe that the Application should be adjusted, except for \$3,162 in nonallowable costs related to a safety shower and \$4,895 in costs related to Company labor that could not be supported by time sheets. As a result, the allowable costs for the Application should be reduced to \$740,641.

6. Mr. Arand confirmed in writing that such assertions were true and correct.

Conclusion:

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the claimed Facility costs should be adjusted, except as noted above. Had we performed additional procedures or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company, taken as a whole.

This report is solely for the use of the State of Oregon Environmental Quality Commission and Department of Environmental Quality in evaluating the Company's Pollution Control Tax Credit Application No. 4100 with respect to its Air Pollution Control Facility in Aloha, Oregon and should not be used for any other purpose.

*Symonds, Evans & Larson*

December 10, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Boise Cascade Corporation  
Timber & Wood Products Division  
P.O. Box 50  
Boise, Idaho 83728

The applicant owns and operates sawmill and planing mill in La Grande, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility eliminates the atmospheric emissions of ten hogged fuel fired boilers. The boilers were replaced by gas fired boilers as a cost effective alternative to an electrostatic precipitator. The facility consists of three gas fired Cleaver Brooks boilers, modifications to the applicants steam system, and two truck bins.

Claimed Facility Cost: \$1,349,700.00

A distinct portion of the facility makes an insignificant contribution to the principal purpose of pollution control. The applicant claimed \$162,590 for demolition of the ten boilers the claimed facility replaced.

Adjusted facility costs: \$1,187,110.00

Accountant's Certification was provided.

The applicant indicated the useful life of the facility is 20 years.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Installation of the facility was substantially completed on October 19, 1992 and placed into operation on August

17, 1992. The application for final certification was received by the Department on August 3, 1993. The application was found to be complete on October 20, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution. This is in accordance with OAR Chapter 340, Division 21, rule 015 through 020. The Air Contaminant Discharge Permit (ACDP) for this source, 31-0011, Addendum 3, requires the permittee to install a boiler system which can operate in continuous compliance with conditions 2 and 5 of the ACDP. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The claimed facility prevents the emission of pollutants to the atmosphere. On June 2, 1988 Boise Cascade received a Notice Of Violation for the exceedance of opacity limits by the boilers at the La Grande mill. On December 6, 1988 the Department accepted a compliance schedule submitted by Boise Cascade. The schedule agreed to provide a boiler system by December 1, 1992, that would operate in continuous compliance with the mill's ACDP. The natural gas fired boilers accomplish the following emission reductions relative to the hogged wood fired boilers.

Particulate:	120 tons per year
NOx:	11 tons per year
CO:	450 tons per year
Volatile Organic Compounds:	20 tons per year

On July 13 1993 Department staff inspected the boilers and truck bins and found them to be in compliance with ACDP conditions.

The facility consists of three Cleaver Brooks 600 horsepower gas fired boilers with #2 fuel oil backup. The boilers are used to provide steam to the applicants mill. The applicant modified the existing steam system to accommodate the new boilers. New blowdown valves, a blowdown monitor, feedwater pumps, and water softeners were installed. This equipment monitors and controls the amount of

dissolved and suspended solids in the steam system water. Electrical wiring and control equipment was installed to accommodate the changes made to the boiler system. Piping was installed to integrate the boilers with the mills existing steam system and natural gas utilities. A fifty foot by sixty foot metal building, a foundation and a fire protection system were installed to house the boilers.

The truck bins are eligible because they have a principal purpose of pollution control. This is in accordance with OAR Chapter 340, Division 30, Rule 230 which requires sawmills in the La Grand Urban Growth Area, with 25,000 or more board feet produced per shift, to prepare and implement fugitive emissions control plans. Installation of the gas boilers resulted in an increase of 42,000 Bone Dry Unit (BDU) of surplus hogged wood fuel and sawdust. Prior to the installation of the gas fired boilers a belt conveyor delivered surplus hogged fuel to an uncovered pile. This pile was a source of fugitive emissions to the atmosphere. The applicant installed two 30 unit truck bins and a chain conveyor. The chain conveyor drags hogged fuel in a U shaped pan from the mill to the truck bins. Installation of the truck bins and chain conveyor has eliminated the exposed piles of hogged fuel.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The applicant recovers 27,837 Bone Dry Units (BDU) of hogged wood fuel and 14,360 BDU of sawdust per year at a value of \$693,040. This material was previously burned by the applicant's hogged fuel boilers.

- 2) The estimated annual percent return on the investment in the facility.

The increased cost of operating the facility exceeds income from the facility. This results from the value of the hogged wood fuel less increases in operating cost. As a result there is no return on the investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The increase in cost of maintaining and operating the natural gas boiler compared to the previous hogged fuel boilers is \$703,980 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

The eligible facility costs have been determined to be \$1,187,110.00 after adjusting for a distinct portion of the facility which is not eligible for tax credit certification. This is discussed in section 2 of this report.

The Environmental Quality Commission has directed that tax credit applications at or above \$250,000 go through an additional Departmental accounting review, to determine if costs were properly allocated. This review was performed under contract with the Department by the accounting firm of Coopers & Lybrand (see attached report).

Other than the ineligible costs referenced in section 2, the cost allocation review of this application has identified no issues to be resolved and confirms the cost allocation as submitted in the application.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution.
- c. The facility complies with DEQ statutes, rules, and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$1,187,110.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4128.

BKF:  
MISC\AH72924  
October 25, 1993

**Coopers  
& Lybrand**

certified public accountants

2700 First Interstate Tower  
Portland, Oregon 97201

telephone (503) 227-8600

Oregon Department of Environmental Quality  
811 S. W. Sixth Avenue  
Portland Oregon 97204

At your request, we have performed certain agreed upon procedures with respect to Boise Cascade Corporation's (the Company) Pollution Tax Control Credit Application No. 4128, regarding the Boise Cascade Electrostatic Precipitator in Union County, Oregon (the Facility). The aggregate claimed Facility costs on the Application was \$1,349,700. The following agreed upon procedures and related findings are as follows:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits - Sections 469.150 -468.190 ( the Statutes) and the Oregon Administrative Rules on Pollution Control Tax Credits - Sections 340-16-005 through 340-16-050 (OAR'S).
2. We discussed the Application and Statues with Charles Bianchi and Brian Fields of the Oregon Department of Environmental Quality (DEQ).
3. We discussed the Application and Statutes with Jared Rogers, Region Engineer of the Company.
4. We inquired as to whether there were any direct or indirect Company costs charged to the Facility costs claimed in the Application. We were informed that the following direct costs were included in the Application:

Labor	\$27,458
Materials	6,010

Based on our review of supporting documentation discussed in item no. 6 below, we noted that all direct costs appeared to be allowable.

5. We inquired as to whether there were any billings from related parties or affiliates or the Company included in the Application. We were informed that the Application contained \$2,950 in billings from related parties or affiliates of the Company for equipment rental.

Based on our review of supporting documentation discussed in item No. 6 below, we noted that the billings from related parties or affiliates of the Company appeared to be properly allowable costs.



Oregon Department of Environmental Quality  
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6. We reviewed supporting documentation for 88% of the amount claimed on the Application through review of vendor invoices. All costs which we reviewed supporting the Application appeared to be from third party vendors.
7. We discussed with Jared Rogers, Region Engineer for the Company, the extent to which non-allowable costs were included in the Application. This was accomplished by reviewing specific contractor invoices (see item no. 6) with Mr. Rogers. We determined that the Company had not properly excluded from the application \$162,590 of demolition and other related costs billed by various companies. These demolition costs were also questioned and disallowed by Brian Fields of the DEQ. Accordingly, the Facility costs claimed on the application should have been \$1,187,110 instead of \$1,349,700.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention, except as noted in No. 7 above, that caused us to believe that the Application should be adjusted. Had we performed additional procedures, or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company taken as a whole.

This report is solely for the State of Oregon Department of Environmental Quality in the evaluating the Company's Pollution Control Tax Credit Application and should not be used for any other purpose.

*Coopers & Lybrand*

Portland, Oregon  
December 15, 1993

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Willamette Industries, Inc.  
Duraflake Division  
1300 SW Fifth Avenue, 3800 First Interstate Tower  
Portland, Oregon, 97201

The applicant owns and operates a particleboard manufacturing plant in Albany, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility controls particulate emissions to the atmosphere generated by the applicant's particleboard production line #4 pneumatic conveyance system. The facility consists of five baghouses and support equipment.

Claimed Facility Cost: \$586,874.00

Accountant's Certification was provided.

The applicant indicated the useful life of the facility is ten years.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Installation of the facility was substantially completed on October 15, 1991 and placed into operation on October 15, 1991. The application for final certification was received by the Department on August 23, 1993. The application was found to be complete on August 23, 1993, within two years of substantial completion of the facility.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution. This is in accordance with OAR Chapter 340, Division 21, rules 015 and 030. The air contaminant Discharge Permit for this source, 22-0143, items 2 and 3 require the permittee to control the emissions of particulate to the atmosphere. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The claimed facility controls the atmospheric emissions of the applicant's particleboard production line #4 pneumatic conveyance system. The facility consists of five baghouses, fans, ducting, electrical equipment, and support equipment. Department inspections of production line #4 has shown the baghouses to be operating in compliance.

There are four different sources in the production line which the baghouses control. The Face Former Clean Air Baghouse controls the emissions of the pneumatic system which transports raw material from the production silos to the face former equipment. The Line Cleanup Baghouse controls emissions of the pneumatic transport system that collects loose material from the production line. The Reclaim Baghouse controls the emissions of the pneumatic transport system that retrieves material from the section of the production line which cuts finished particle board to size. There are two Sander Baghouses that control the emissions of the pneumatic transport system which collects sander dust generated in the particleboard sander area.

The filter media of each baghouse consists of hanging fabric filters supported on tubular frames in a containment structure. Particulate laden exhaust is drawn through ducting into the baghouses through the surface of the fabric filters where it accumulates. A reverse flow of air is periodically directed through each filter causing the accumulated particulate to fall into a collection bin located beneath the hanging filters. Each baghouse is equipped with a fire detection and suppression

system. Three motors are used in each baghouse. The negative air fan motor is used for pulling air through the baghouse. The cleaning fan motor is used to push reverse air through bagfilters for removal of accumulated particulate. The carriage motor rotates the reverse air fan so it periodically delivers reverse air to each bagfilter.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

The applicant indicates in the application there is no income or savings from the facility, so there is no return on the investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Baghouses are technically recognized as an acceptable method for controlling the emissions of particulate from wood waste pneumatic transport systems.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There is no savings from the facility. The cost of maintaining and operating the facility is \$57,056.00 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air

pollution.

The Environmental Quality Commission has directed that tax credit applications at or above \$250,000 go through an additional Departmental accounting review, to determine if costs were properly allocated. This review was performed under contract with the Department by the accounting firm of Coopers & Lybrand (see attached report).

The cost allocation review of this application has identified no issues to be resolved and confirms the cost allocation as submitted in the application.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution.
- c. The facility complies with DEQ statutes, rules, permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$586,874.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4135.

BKF  
MISC\AH72925  
October 28, 1993

**Coopers  
& Lybrand**

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811 S. W. Sixth Avenue  
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At your request, we have performed certain agreed upon procedures with respect to Willamette Industries' (the Company) Pollution Tax Control Credit Application No. 4135, regarding the Duraflake Line #4 Baghouses, in Linn County, Oregon (the Facility). The aggregate claimed Facility costs on the Application was \$586,874. The following agreed upon procedures and related findings are as follows:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits - Sections 469.150 -468.190 ( the Statutes) and the Oregon Administrative Rules on Pollution Control Tax Credits - Sections 340-16-005 through 340-16-050 (OAR'S).
2. We discussed the Application and Statues with Charles Bianchi and Brian Fields of the Oregon Department of Environmental Quality (DEQ).
3. We discussed the Application and Statutes with Jim Aden, Assistent Tax Manager of the Company.
4. We inquired as to whether there were any direct or indirect Company costs charged to the Facility costs claimed in the Application. We were informed that \$1,510 of direct labor had been charged to the Application.

Based on our review of supporting documentation discussed in item No. 6 below, we noted that all direct costs charged to the Application appear to be properly allowable.

5. We inquired as to whether there were any billings from related parties or affiliates of the Company. We were informed that the changes from an affiliate of the Company had been included in the Application in the amount of \$413.

Based on our review of supporting documentation discussed in item No. 6 below, we noted that the changes from the affiliate company appeared to be properly allowable.

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6. We reviewed supporting documentation for 76% of the amount claimed on the Application through review of vendor invoices. All costs which we reviewed supporting the Application appeared to be from third party vendors, except those costs noted in No.'s 4 and 5 above.
7. We discussed with Jim Aden, Associate Tax Manager for the Company, the extent to which non-allowable costs were included in the Application. This was accomplished by reviewing specific contractor invoices (see item no. 6) with Mr. Aden as well as extended discussions regarding cost allocation with Richard Nicol, President of Western Pneumatics, Inc., the contractor responsible for the electrical installation. We determined that the Company has properly excluded all non-allowable costs related to the construction of the Facility.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention, except as noted in No. 7 above, that caused us to believe that the Application should be adjusted. Had we performed additional procedures, or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company taken as a whole.

This report is solely for the State of Oregon Department of Environmental Quality in the evaluating the Company's Pollution Control Tax Credit Application and should not be used for any other purpose.

*Coopers & Lybrand*

Portland, Oregon  
December 20, 1993