



South Coast Air Quality Management District

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February 7, 2013

Mr. Kurt Karperos
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Mr. Andrew Steckel
US EPA, Region 9, Air Division
75 Hawthorne Street
San Francisco, CA 94105

Re: SCAQMD Rule 317 Section 172(e) Fee Equivalency Account Reconciliation Reports

Dear Mr. Karperos and Mr. Steckel:

Pursuant to Rule 317(c)(5) please find attached the SCAQMD Rule 317 Section 172(e) Fee Equivalency Account Reconciliation Reports for both the Salton Sea Air Basin (SSAB) for the fee assessment years 2009 through 2012 (Attachment A), and for the South Coast Air Basin (SOCAB) for the fee assessment year 2012 (Attachment B).

As you are aware, SCAQMD Rule 317 is structured to achieve the requirements of Section 185 of the Clean Air Act (CAA) through an alternate, fee equivalent program, as authorized under Section 172(e) of the CAA. SCAQMD Rule 317 requires the Executive Officer to establish and maintain a Section 172(e) Fee Equivalency Account. This account is to be credited with expenditures from air quality improvement programs that are surplus to the 1-hour Ozone SIP against the fee obligation applicable to major stationary sources pursuant to Section 185. Pursuant to SCAQMD Rule 317, SCAQMD is required to demonstrate annually that sufficient credits to offset the Section 185 fee obligation were available for the past calendar year(s) (Annual Demonstration of Equivalency); demonstrate preliminarily that adequate funding to offset the fee obligation are expected to be available for the subsequent calendar year (Annual Preliminary Demonstration of Equivalency) for each of the air basins; and report its findings annually to both CARB and US EPA.

As detailed in Attachments A and B, the reconciliation of verified qualified credits with the major stationary source fee obligation (debits) demonstrates a net positive balance of remaining credits in both the SSAB and the SOCAB accounts. The credit balance is

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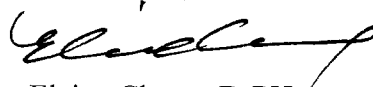
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significant in both accounts and consequently the demonstration of compliance for both the Annual Demonstration of Equivalency (ADE) and the Annual Preliminary Demonstration of Equivalency (APDE) are easily confirmed.

If you have any questions on this matter, please contact Dr. Laki Tisopulos, Assistant Deputy Executive Officer, at (909) 396-3123.

Sincerely,



Elaine Chang, DrPH
Deputy Executive Officer
Planning, Rule Development & Area Sources

cc: Lynn Terry, CARB (w/ attachments)
Deborah Jordan, US EPA (w/ attachments)
Laki Tisopulos, SCAQMD

Attachment A – Rule 317 Section 172(e) Fee Equivalency Account Reconciliation Report – SSAB
Attachment B – Rule 317 Section 172(e) Fee Equivalency Account Reconciliation Report – SOCAB