

**PLACER COUNTY
AIR POLLUTION CONTROL DISTRICT**

STAFF REPORT

RULE 604

**SOURCE TEST OBSERVATION AND
REPORT EVALUATION**

PROPOSED AMENDMENTS

OCTOBER 10, 2013

**PROPOSED AMENDMENT OF
RULE 604, SOURCE TEST OBSERVATION AND REPORT EVALUATION
STAFF REPORT**

Executive Summary

Placer County Air Pollution Control District's Rule 604, Source Test Observation and Report Evaluation, is intended to recover District costs for the review and evaluation of source tests that some permit holders are required to conduct for the purpose of either assessing emissions upon initial construction or as a requirement to demonstrate compliance of an operating facility.

The Rule 604 fee has been increased just once in the last 30-years, when it was increased from \$200 to \$220 in 1996. The \$220 fee of Rule 604 is now inadequate to recover the cost of District test observation and other costs incurred by some permitted facilities. For example, it is estimated that the shortfall in cost recovery for each stack test can exceed \$600, based on the average test requiring 8-hours of District staff time. The unrecovered costs are now borne by all permitted facilities, rather than just those that incurred the expense, and to the extent that tests are observed without cost recovery, District resources are taken from other core functional areas.

The District has proposed an amendment of Rule 604 that establishes fees for test observation and report evaluation. In addition, new fees to recover the costs of analysis and testing conducted by District personnel have been proposed. These proposed fees are all based on the District's hourly labor rate and will be charged to the facility owner or operator for actual time expended by District staff. The District will have a lower fee than the average charged by the five neighboring air districts. The proposed charges may be minimized by reducing the duration of testing. Fees are based on the General Time and Materials Labor Rate, which is CPI adjusted annually.

Based on the District's experience, the proposed District cost-recovery for test observation and report evaluation ranges from \$829.84 per day for a stack test and report evaluation totaling 8-hours, to \$259.32 for a 2-hour gasoline dispensing facility test and a ½-hour charge for test results evaluation. The estimated annual average cost-recovery under the proposed rule will range from a low of \$13,814.42, to a maximum of \$59,937.61 - if the District were to observe tests at each of the approximate 209 gas stations and the average time is 2-hours which is not planned.

The proposed fees satisfy the District's on-going commitment to the District Board to maximize cost recovery and minimize expenses. Having completed the most urgently required rule adoptions and amendments to meet state and federal requirements, the amendment of Rule 604 is now proposed to more fully recover District costs.

Discussion

The Placer County Air Pollution Control District (District) is proposing an amendment to Rule 604 "Source Test Observation and Report Evaluation" in an effort to recover the cost to the District of observing the performance of emission and certification testing as required by District, state, and federal regulations to assess compliance of emissions or equipment upon initial construction, or to demonstrate the compliance of an operating facility.

Source Test Observation and Report Evaluation Rule 604 was first adopted on May 24, 1977, and was last amended on August 8, 1996, at which time the source test observation and report evaluation fee was increased 10%, from \$200 to \$220. Until amended in 1996, the fee had been at \$200 since at least 1983. Accordingly, the Rule 604 fee has been increased once by 10% in a span of 30-years.

Rule 604 is intended to recover District costs for the review and evaluation of source tests that some permit holders are required to conduct for the purpose of either assessing emissions upon initial construction, or as a requirement to demonstrate compliance of an operating facility. Such testing may be required on a regular basis, for example “annually”, as a requirement of the District permit, or testing may be requested by the APCO. Testing can be required to disclose the nature, extent, quantity, or degree of air contaminants which are, or may be, discharged by the source. Testing can demonstrate compliance with emission limitations of rules or of permit conditions, or show what contaminants are discharged – such as when tests for toxic air contaminants are performed. The performance of required tests are observed by District staff to assure that test plans and protocols are properly followed, and test reports are evaluated to approve plans before the test and to evaluate test results following a test. Test observations are an integral to assuring that tests provide accurate measurements of emissions or of equipment compliance.

In 2001 most permitting fees were designated to be adjusted annually by the Consumer Price Index (CPI), as was recommended by the 2000-2001 Placer County Grand Jury. A CPI was not added to Rule 604 at that time because it was recognized that the base fee was out of alignment with actual costs. Having recently completed the most urgently required rule adoptions and amendments to meet state and federal requirements, the amendment of Rule 604 is now proposed to more fully recover District costs. Seeking cost recovery for services provided by the District was recommended by the Grand Jury Report, and was a commitment made to the jurisdictions represented by the District’s Board of Directors for the October 10, 2002, adoption of a per capita assessment. The District committed at that time to continue to make efforts to maximize cost recovery and minimize expenses a priority. The \$220 fee of Rule 604 is now inadequate to recover the cost of District test observation and other costs incurred by some permitted facilities.

To fairly recover District costs and no more, the District is proposing charging a fee for staff time at the General Time and Materials Labor Rate, currently \$103.73. Charging a fee based on actual hours is the most equitable method of recovering District costs because flat fees may recover more than the actual District costs or they may recover less than the actual District costs.

A summary of the proposed Rule 604 standards is shown in the following table:

Table of Proposed Standards

	Activity	Charges
Source Test Observation and Report Evaluation Fees	301 – Fee for test observation and report evaluation	An hourly fee charged for every hour, or portion thereof, , rounded up to the next whole hour, at the General Time and Materials Labor Rate established in Rule 601, Schedule M.1, for time expended by District personnel in test observation and report evaluation, including travel time to and from the office.
Gasoline Dispensing Test Report Evaluation Fees	303 – Test report evaluation for source testing conducted for gasoline dispensing facilities	A fee equal to an hourly charge for one-half hour (0.5 hour), at the General Time and Materials Labor Rate established in Rule 601, Schedule M.1, shall be charged annually
Portable Analyzer Testing and Other District Testing	304 - Analyses using a portable analyzer or other source testing conducted by District staff.	A fee charged for the actual hours, rounded up to next whole hour, at the General Time and Materials Labor Rate established in Rule 601, Schedule M.1, spent to conduct testing, including travel time to and from the District offices.
Retesting Fees	305 - When re-performance of source testing is required and the same test methods and protocol will be used as in the original test	An hourly fee for test observation shall be charged for the actual hours, rounded up to next whole hour, at the General Time and Materials Labor Rate established in Rule 601, Schedule M.1, spent to observe the test.
Re-Inspection Fees	Inspections by District staff for compliance determination purposes resulting from equipment defects or deficiencies found during, or as a result of, testing	An hourly fee for inspection and re-inspections by District staff shall be charged for the actual hours, rounded up to next whole hour, at the General Time and Materials Labor Rate established in Rule 601, Schedule M.1.

Notes: For FY 2013/2014 the Rule 601, Schedule M.1 charge rate is \$103.73/hour. This charge rate is CPI adjusted annually for positive CPI changes.

In the calculation of the actual time spent by the District on source test observation, including travel to and from the District offices, coincident observations of the test or coincident travel by more than one District staff member, shall only be counted once.

Who Is Required To Test

Source testing is performed to determine compliance with emission limits in permits, District Rules, or state or federal regulations, or for information on the operation to make sure the equipment is functioning properly as required by rules or regulations. Testing may be at a frequency set by regulations, or through the permitting process, as deemed necessary to demonstrate continuous

compliance with limits. Testing can be required after maintenance or modifications that may have changed the emissions profile.

Testing for air contaminant emissions and associated data such as exhaust gas volume and temperature is sometimes called “stack testing” as it is usually reserved for determining the emissions discharged by larger emissions facilities having exhaust “stacks” – such as power plants or co-gen boilers or gas turbines. Such testing is typically conducted by a testing contractor, hired by the permitted source, who must be certified by the California Air Resources Board (CARB) for their ability to meet CARB or U.S. EPA testing standards. District Staff typically receive a testing protocol in advance of the test that is evaluated for appropriate test methods and the plan for testing - including how the facility will be operated while testing is being performed. District Staff observe the conduct of testing to assure that methods are followed, to address any deviations from protocols, including checks that facility operations are as expected. District Staff review the final test results for documentation that required tests were performed within specification and the compliance of results with limits. Other testing is required of gasoline dispensing facilities (GDF’s) to demonstrate that performance standards for CARB certified vapor recovery systems are met. The testing of GDF is usually performed by contractors who are not certified by CARB, and for that reason increased scrutiny of the performance of such tests may be appropriate.

The companies required to source test regularly include the City of Roseville, Energy 2001, Genpower, Rio Bravo, Roseville Energy Park and Sierra Pacific Industries and most gasoline dispensing facilities (GDFs). The Exhibit 2 provides more details. The testing frequency for these facilities varies from “every year”, “every other year”, or “every three (3) years”. For general stationary facilities, tests typically require measurement of emissions of nitrogen oxides, carbon monoxide, volatile organics, and particulate. The boilers of Sierra Pacific Industries and Rio Bravo Rocklin, and the combustion turbines of Roseville Energy Park are each required to be tested annually. The landfill gas engines at Energy 2001 and Genpower require testing every other year. Roseville Power Plant #2’s two Peaker Gas Turbines are each tested once every three years.

GDF’s are required to annually conduct several performance tests to evaluate the integrity of the Phase I and Phase II vapor recovery and monitoring systems. There are currently 209 gasoline dispensing facilities. Currently, very few GDF tests in the field are observed by District staff.

In addition to facilities required to test regularly, boilers subject to Rule 231 that are rated at greater than or equal to five (5) million BTU per hour of heat input require an initial source test, and engines which fall under Rule 242 emission standards require initial tests and further testing at least once every 24 months. Finally, emissions sources for which there is insufficient data on their emissions may be required to conduct testing to ascertain the quality or type of emissions that are discharged.

The frequency of testing and possible fees based upon the proposed rule amendments are summarized in Exhibit 2. Less than nine (9) stack tests on average are required regularly by regulations or permit requirements. Overall the District currently has 624 permitted facilities that have 1,273 stationary source permits – so only a small portion of non-GDF facilities are required to conduct regularly scheduled tests. There are currently 209 gasoline dispensing facilities that are

permitted by the District (composed of 131 retail and 78 non-retail facilities) and all must be tested annually to show that CARB certification standards are met. Currently, although all must be tested, only a few of the 209 gasoline dispensing facility tests conducted annually are observed by District personnel.

Section 42311 of the Health and Safety Code of the State of California provides that the schedules of fees assessed under this section shall not exceed, for any fiscal year, the actual costs for district programs for the immediately preceding fiscal year with an adjustment not greater than the change in the annual California Consumer Price Index. All of the proposed fees are based upon the General Time and Materials Labor Rate established in Rule 601, Schedule M.1. The General Time and Materials Labor Rate includes a provision to update the rate annually each July 1 in the District's Fee Schedule to reflect the positive increase to the California Consumer Price Index based on the annual average for all urban consumers in the major Northern California urban centers.

Resource/time Requirements

Stack Tests: For stack tests, District staff estimate that pre-test protocol review and post-test results report evaluation will take no more than 2-hours of staff time. Further, District staff estimate that stack test observation should take approximately 8 hours of time on-site, including travel time. Because the exact number of staff hours required for each test cannot be predicted, the District has proposed charging a fee for staff time at the General Time and Materials Labor Rate, currently \$103.73. The flat fees may recover more than the actual District costs or they may recover less than the actual District costs, so the charging for actual hours expended is the most equitable method. Some neighboring air district charge a flat fee, other air districts charge a flat fee plus an hourly charge, and still others charge based on staff hours, as the District proposes. The proposed District fee and those of neighboring air districts is shown in Exhibit 1.

Testing of Boilers and Engines: District staff believe that observation of source tests for engines and boilers as is required by District rules, such as Rule 231, Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters, or Rule 242, Stationary Internal Combustion Engines, will require about four (4) hours of staff time including travel time and test results evaluation. The same fees that are proposed for stack tests apply to these tests. The District will invoice for the actual hours expended at the District's General Time and Materials Labor Rate, currently \$103.73.

Gasoline Dispensing Facility Tests: For Gasoline Dispensing Facilities (GDFs) the District proposes an hourly charge for test observation, including travel time, and flat charge equal to one-half hour at the General Time and Materials Labor Rate for reviewing and entering GDF test results in the District's database. Currently, the observation of GDF tests and the review of test results by District staff are not supported by the annual permit fees for GDFs. At the present time the District lacks a concerted program to observe GDF tests because the observations are not funded. The existing Rule 604 fee was originally developed for stack test observations and it has not been applied to gas dispensing tests. The District is likely to initially observe only a fraction of GDF tests that are performed annually on a random basis in addition to observing tests of facilities with poor

compliance histories. Eventually, the District's goal is to observe as many GDF tests annually as is deemed to be necessary for compliance assurance purposes.

Portable Analyzer and Other Tests: New fees to recover the costs of analysis and testing conducted by District personnel have been proposed. The District proposes to charge no more than the actual hours expended at the District's General Time and Materials Labor Rate, currently \$103.73, for analyses using a portable analyzer or other source testing conducted by District staff.

Comparison of Proposed Fees to the Fees of neighboring Districts:

Based on the observation of a test requiring 10 hours of staff time for comparison purposes, Exhibit 1 shows that the District's proposed fee would be about 18% less than the average charges of three neighboring air districts (Sacramento Metro. AQMD, Yolo-Solano AQMD, El Dorado County AQMD) and about 20% more than two neighboring districts (Northern Sierra AQMD and Feather River AQMD). The District's proposed fee would be \$1,037 for a 10-hour test, while the average of the fees charged by these five districts is higher at \$1,107. The existing Rule 604 fee of \$200 would leave \$817 in costs that are not unrecovered in this scenario, so clearly the existing fee is not adequate based on the charges of neighboring air districts for similar work. The District has estimated likely charges in Exhibit 2, which assumes that in most cases 8-hours of District staff's time would be required for stack tests, 4-hours for boiler and engine tests, and an average of 2-hours is estimated for GDF test observations.

Accordingly the proposed fees provide equitable cost recovery because they are based upon actual staff time, and they are also in-line with or less than the fees of neighboring air districts.

Fiscal Impact

The proposed amendment of Rule 604 would increase fees from the current \$220 fee per test event to a fee based on the actual time expended by District staff charged at an hourly rate. The assessment of potential fees shown in Exhibit 2 (providing a summary of potential cost recovery) shows that the annual cost recovery for stack testing may range from \$2,973.59 to \$5,839.73.

Stack Tests: The total fees collected for the observation of stack tests in FY 2012-13, at \$220 per test, was \$1,540.00. Based on the an assumption of 8-hours for stack test and 4-hours for boiler and engine tests require by Rule 231 and Rule 242, the same tests would recover between \$2,904.44 and \$5,393.96 depending upon whether testing of multiple emission units occurred contemporaneously and whether testing occurred on more than one day. Based on these assumptions the lower end of the cost recovery range represents \$1,364 in un-recovered costs in FY 2012-2013 for stack testing.

Charges can be kept to a minimum when more than one emission source is to be tested contemporaneously through shortening the overall duration of testing. In actuality, the expectation would be that the fees for observing testing of multiple emission sources would fall in the middle of the range.

Gasoline Dispensing Facility Tests: For GDFs the estimated test observation fees including travel time in Exhibit 2 is two (2) hours charged at the General Time and Materials Labor Rate. The District believes that GDF test observations will take at least two hours, and it is likely that some test will take four (4) hours. Using 2-hours per testing event for comparison purposes, the annual cost recovery proposed for GDF ranges from \$54,197.88, assuming 209 facilities and every GDF test is observed and every observation takes two (2) hours and a charge of one-half hour for test results review; to a minimum of \$10,840.83 if no tests are observed and only test results are evaluated and recorded. This represents a range of \$259.33 per GDF if the test observation takes two hours to \$51.86 per GDF for tests results evaluation only, as compared the \$220 per test that may be assessed under the existing rule. The District anticipates collecting at least the minimum annual fee for test results reviews because every permitted GDF is required to be tested annually. This fee may be assessed with the permit renewal fees to reduce administration costs. At the present time the District observes few GDF tests and the District would likely continue for the present to observe tests on a random basis in addition to observing tests at GDFs with a poor compliance history. If it is decided that compliance would be improved through broad test observation, the District's may establish a goal to observe more GDF tests annually.

Portable Analyzer and Other Tests: For analyses using a portable analyzer or other source testing conducted by District staff, a fee will be charged for actual hours expended by District staff. The proposed fees provide a means for most charges to be minimized by reducing the duration of testing.

Fees will be CPI adjusted annually through the adjustment of Rule 601, Schedule M.1, General Time and Materials Labor Rate. The strikeout copy of the Rule is provided in Exhibit 3.

Impact of Not Recovering Costs:

The fee of \$220 per test event fee of Rule 604 is not adequate in many cases to fully recover District costs for test observation and report evaluation for those permitted facilities that are required to test. Having all permitted a sources or other programs pay for test observations that apply to only some facilities is unfair. Without adequate cost recovery provisions in the existing rule, the District either absorbs the unrecovered costs, shifting the burden of the costs to other revenue sources, or the lack of cost recovery may result in fewer tests being observed and a potential for undetected emission violations. For example; test observation of GDF tests are now only spot checked as there is no applicable fee for cost recovery and no resources for more test observations. If the proposed fee is adopted the District can observe tests where it is deemed to be necessary and, where existing resources have been used for test observation without cost recovery, additional resources can be applied to other core functions of the District.

Furthermore, not having a CPI adjustment means that fees will fall further behind costs due to inflation over time. The 2000-2001 Placer County Grand Jury recommended that District fees be adjusted by the Consumer Price index annually to better assure that the fees provide the resources required by the District. Seeking cost recovery for services provided by the District was recommended by the Grand Jury Report, and was a commitment made to the jurisdictions represented by the District's Board of Directors for the October 10, 2002, adoption of a per capita

assessment. The District committed to continue to make efforts to maximize cost recovery and minimize expenses a priority.

Other Issues:

Proposition 218 and Proposition 26: 1996's Proposition 218 limited the authority of local governments to impose taxes and property-related assessments, fees, and charges. It requires a majority of voters to approve increases in general taxes and reiterates that two-thirds must approve a special tax. In 2010 Proposition 26 was passed. Proposition 26 provided definitions for the terms "general tax" and "special tax". Proposition 26 amended the California Constitution Article IIX A, Section 3(b)(3), and excepted from the definition of a "tax": "A charge imposed for the reasonable regulatory costs to the State incident to issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof." Accordingly, as the charges for source test observation and report evaluation have a regulatory purpose of investigating the discharge of permitted facilities for compliance, the proposed charges are not taxes.

California Health and Safety Code Section 41512.7 Limits: Health and Safety Code Section 41512.7 limits the annual increase in fees paid for authority to construct permits and permits to operate. For the District the limit would allow no more a than a 15% increase in such fees per year. The charges for source test observation and report evaluation are not to obtain an authority to construct or permit to operate and instead are assessed only upon those facilities that are required to conduct testing, when tests are observed, performed, or reports are evaluated. As a charge that is based upon the expenditure of staff resources that are not covered by generally applicable permit fees, the proposed increase in fees and new fee categories are not subject to the Section 41512.7 limitations.

Analysis and Findings

The following Analysis and the subsequent Findings are intended to address the requirements set forth in the Health and Safety Code relating to adoption of a new or amended District Rule as well as other State statutes referenced herein.

Cost-Effectiveness of a Control Measure

California Health & Safety Code (H&S) Section 40703 requires a District to consider and make public "the cost-effectiveness of a control measure". Rule 604 is not a control measure, therefore there are no emission reductions to evaluate against costs and there is no cost-effectiveness related to this action. The fees contemplated would make existing control measures more effective by helping to assure that compliance and emission testing is well conducted and that test results are evaluated so deviations can be corrected.

Socioeconomic Impact

H&S Section 40728, in relevant part, requires the Board to consider the socioeconomic impact of any new rule if air quality or emission limits are significantly affected. However, Districts with a population of less than 500,000 persons are exempted from the socioeconomic analysis. In 2012, the population of Placer County was approximately 355,000 persons.

California Environmental Quality Act (CEQA)

Proposed amended Rule 604 is not an activity that may cause a direct or reasonably foreseeable indirect physical effect in the environment and therefore not considered a “project”, as defined by Section 21065 of the California Public Resource Code and Section 15378(b)(4) & (5) of the CEQA guidelines. A CEQA analysis is therefore not necessary.

Findings

- A. **Necessity** – The amendment of Rule 604 is necessary in order to obtain federal and state recognition of the District’s Source Test Observation and Report Evaluation rule in the SIP.
- B. **Authority** – California Health and Safety Code, Sections 40000, 40001, 40701, 40702, and 40716 are provisions of law that provide the District with the authority to adopt this amended Rule.
- C. **Clarity** – There is no indication at this time that the proposed Rule is written in such a manner that persons affected by the Rule cannot easily understand them.
- D. **Consistency** – The regulation is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations.
- E. **Non-duplication** – The regulation does not impose the same requirements as an existing state or federal regulation.
- F. **Reference** – All statutes, court decisions, and other provisions of law used by PCAPCD in interpreting this regulation is incorporated into this analysis and this finding by reference.

EXHIBIT 1

**COMPARISON OF PROPOSED DISTRICT FEES
TO THE FEES OF NEIGHBORING AIR DISTRICTS**

	Sacramento Metropolitan AQMD	Yolo-Solano AQMD	Northern Sierra AQMD	El Dorado County APCD	Feather River AQMD	Placer County APCD
Jurisdiction Area	Sacramento County	Yolo County Portions of Solano	Nevada, Plumas, and Sierra Counties	El Dorado County	Yuba and Sutter Counties	Placer County
Stack Testing	\$1,404 per test for first 10-hours of work, each additional hour at time and materials charge rate of \$156/hour.	\$1,140 per test event (originally based upon 10-hours of staff work). No CPI. One fee plus hourly charge for additional stack tests.	\$875.56 per test, CPI adjusted annually	\$127/hour, CPI adjusted annually. Currently not charging a fee.	\$77/hour, OT rate of \$115/hour, CPI adjusted - but not recently	Existing: \$220 per test event. Proposed: A charge at the District's General Time and Materials Labor Rate established in Rule 602, Schedule M.1 for each hour of staff time. Currently this is \$103.73/hour.
Stack Test Fees Assuming 10-Hours of Staff Time	\$1,404 per test for first 10-hours	\$1,140 per test, based upon 10-hours.	\$875.56 per test.	1,270 per test (10-hours assumed).	\$846 per test (10-hours assumed, with 2-hours OT)	\$1,037 per test (10-hours assumed for comparison purposes).
Portable Analyzer Testing and other Tests Conducted by District Staff	It is believed that the charge applied is the same as for Stack Tests.	It is believed that the charge applied is the same as for Stack Tests.	It is believed that the charge applied is the same as for Stack Tests.	It is believed that the charge applied is the same as for Stack Tests.	It is believed that the charge applied is the same as for Stack Tests.	Proposed: Hourly charge based on actual time expended at the General Time and Materials Labor Rate established in Rule 602, Schedule M.1., for testing conducted by District staff.
Testing of Gasoline Dispensing Facilities	Annual source test fee of \$234/ underground tank	Charged at the time and materials rate of \$95/hour, not to exceed a charge for 10-hours.	GDF tests are seldom observed, and no fee is charged.	Same as for Stack Tests, but currently no fees are charged for test observations.	Same as for Stack Tests.	Proposed: GDF test observation is to be charged at the General Time and Materials Labor Rate, currently \$103.73/hour. A report evaluation fee for GDFs equal to one-half hour (i.e. \$51.87) shall be charged annually.

EXHIBIT 2

SUMMARY OF POTENTIAL COST RECOVERY

Facility	Permitted Equipment	Source Testing Frequency	Estimated Fees*
City of Roseville - Roseville Power Plant #2	Peaker Gas Turbine Power Plant #1	Once every 3 years	\$829.84 every 3-years
	Peaker Gas Turbine Power Plant #2	Once every 3 years	\$829.84 every 3-years
Energy 2001	Landfill Gas Engine	Once every 2 years	\$414.92 every 2-years
	Landfill Gas Engine	Once every 2 years	\$414.92 every 2-years
	Landfill Gas Engine	Once every 2 years	\$414.92 every 2-years
Genpower	Landfill Gas Engine	Once every 2 years	\$414.92 every 2-years
	Landfill Gas Engine	Once every 2 years	\$414.92 every 2-years
	Landfill Gas Engine	Once every 2 years	\$414.92 every 2-years
Rio Bravo Rocklin	Wood Fired Power Plant with Boiler	Once every year	\$829.84 every year
Roseville Energy Park	Combustion Turbine #1 w Heat Recovery Steam Generator	Once every year	\$829.84 every year
	Combustion Turbine #2 w Heat Recovery Steam Generator	Once every year	\$829.84 every year
Sierra Pacific Industries	Wood Fired Power Plant with Boiler	Once every year	\$829.84 every year
Western Placer Waste Management - Lincoln	Large Landfill Gas Flare	Once every 2 years	\$414.92 every 2-years
	Small Landfill Gas Flare	Once every 2 years	\$414.92 every 2-years
Placer County – Eastern Regional Landfill	Landfill Gas Flare	Once every 2 years	\$414.92 every 2-years
209 Gasoline Dispensing Facilities	CARB Certified Vapor Recovery Systems	Every year	\$259.32 for 2-hours observation plus test results evaluation
Possible Annual Average Cost Recovery Range, Excluding GDF Testing:			\$2,973.59** to \$5,739.73
Cost Recovery for All GDFs, assuming 2-hours per test:			\$54,197.88 – 2 hours
Cost Recovery for All GDFs, assuming no observation:			\$10,840.83
Estimated Range of Annual Average Cost Recovery Revenue:			\$13,814.42** to \$59,937.61

Note: * Source test estimate of changes assumes 8-hours for test observation and report evaluation, including travel time to and from the District office. Test observation time for boilers and engines pursuant to Rule 231 and Rule 242 assumes 4-hours for test observation and report evaluation, including travel time to and from the District office.

** The low non-GDF testing cost total assumes that for subsequent emission sources tested at the same facility the charges may be reduced if testing for all emission sources is conducted simultaneously so that the test hours are only counted once.

EXHIBIT 3

Rule 604, Source Test Observation and Report Evaluation
(Strikeout Copy)