



DATE: April 3, 2015

TO: RMP Steering Committee

FROM: Philip Trowbridge, RMP Manager

RE: RMP Fees for Once Through Cooling Water Dischargers

Request

Reduce the RMP fees for the Pittsburg Power Plant from the current 4% of the RMP budget to 2% in 2016, 1.5% in 2017, 0.5% in 2018, and 0% in 2019 and thereafter, as long as the cooling water discharge from this facility ceases by December 31, 2017.

Explanation

Once Through Cooling (OTC) dischargers pay 4% of the total RMP fees. There is only one discharger in this category currently, the Pittsburg Power Plant (PPP). The representative from PPP has requested that the plant's contribution be reduced from 4% to 1% of the total RMP fees because the plant has reduced the use of OTC significantly and is required to abandon OTC discharges by 2017 (but PPP will have a NPDES permit through 6/30/18).

On January 29, 2015, the Steering Committee decided not to reduce PPP's fees for the 2015 budget, but agreed to consider a lower fee for 2016-2018. The Steering Committee also decided that whatever decision was made about PPP's fees in 2016-2018 would not increase the fees for other RMP participants during this period. An ad hoc subcommittee, consisting of David Frandsen, Tom Mumley, Jim Kelly, and Phil Trowbridge, was formed to develop a proposal.

The subcommittee met twice and reached consensus on a proposal to reduce the PPP fees to 2% of the RMP budget in 2016, 1.5% in 2017, and 0.5% in 2018 (see Table 1). The proposed fees for PPP are close to the average fee per participant of the RMP (100% divided by 66 participants equals 1.5%). Over the three year period, PPP would pay \$143,485, which is 33% of what PPP would have paid if the fees had remained at 4%. The RMP will have to adjust to revenue

shortfalls but they will be phased in gradually: \$70k in 2016, \$91k in 2017, \$130k in 2018, and \$150k in 2019 and thereafter when PPP is no longer part of the program.

If the cooling water discharge from PPP does not cease by December 31, 2017, the PPP fees to the RMP will be renegotiated.

Table 1: Current and proposed RMP fee structures for the Pittsburg Power Plant in 2016-2018

Year	Total RMP Fees	Current Fee Structure		Proposed Fee Structure		
		PPP fee (%)	PPP fee (\$)	PPP fee (%)	PPP fee (\$)	RMP Shortfall (\$)
2016	\$3,521,000	4.0%	\$140,840	2.0%	\$70,420	\$70,420
2017	\$3,626,000	4.0%	\$145,040	1.5%	\$54,390	\$90,650
2018	\$3,735,000	4.0%	\$149,400	0.5%	\$18,675	\$130,725
TOTAL			\$435,280		\$143,485	\$291,795