UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105-3901

JUL 18 2011

OFFICE OF THE
REGIONAL ADMINISTRATOR

The Honorable David J. Hayes
Deputy Secretary
U.S. Department of the Interior
1849 C Street, N.W.
Washington DC 20240

Dear Deputy Secretary Hayes:

Thank you for your letter of July 12, 2011 regarding the schedule for the U.S. Environmental Protection Agency's proposed Best Available Retrofit Technology rulemaking for the Navajo Generating Station, located on the Navajo Reservation.

EPA has significant work remaining before issuing the proposed rule. We will meet with each Tribe that has requested government-to-government consultations. We expect the consultations to begin in August and have indicated to the Tribes that we will invite DOI to participate in the consultations if requested by the Tribe. We anticipate these consultations will help EPA to more fully understand the relationship between the Central Arizona Project (CAP) and the water settlement agreements that are unique to each Tribe.

In addition, we are seeking information from DOI about the Bureau of Reclamation's financing of past capital improvements at NGS, the Lower Colorado River Development Fund, and Tribal water allocations and costs. We understand that DOI will address our questions early in the first phase of the study you intend to conduct with the Department of Energy's National Renewable Energy Laboratory. We expect, therefore, that the Tribal consultations and DOI's Phase I study will assist EPA in our ongoing evaluation of the potential economic impacts to Tribes and other CAP water users of our proposed BART rule on NGS.

We look forward to reviewing the first phase of DOI's study, which will address the uniqueness of NGS, the complexity of the air quality concerns and the potential impacts to the Arizona tribes and other people and entities that rely on CAP water. In your letter, you indicate that the study will be complete by December 2011. I am confirming that EPA will not issue a proposed BART rule prior to that date. If the first phase of your study is not complete by December 2011, however, we cannot guarantee that its analysis will be considered in our proposal.

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If you have any questions or concerns, please do not hesitate to contact me at (415) 947-8702, or have your staff contact Ms. Deborah Jordan, Director of the Air Division, at (415) 972-3133.

Sincerely,

Jared Blumenfeld

Cc: Gina McCarthy, Assistant Administrator, Air and Radiation, EPA
Janet McCabe, Deputy Assistant Administrator, Air and Radiation, EPA