



RE: Fair Air Regulations for all Oregonians

February 8, 2018

Dear Senate Committee on Environment and Natural Resources,

Thank you and the Oregon Legislature for your willingness to consider important policies regarding Oregon's air regulations during this short session. I know your time is limited and you have many issues to address. Cleaner Air Oregon (CAO) is one of those issues, and the proposed rule could result in severe economic impact for Oregon's industrial sector, as well as our employees and the communities who have grown to depend on us.

Roseburg Forest Products is a family-owned, Oregon-based wood products company with operations in Coos, Douglas, Lane, and Jackson counties. We directly employ over 2,500 people, mostly within these small communities, and our annual Oregon payroll exceeds \$128 million. This number does not include the many local businesses that indirectly rely on our operations for their own success.

Roseburg is committed to the State of Oregon and the communities in which we operate. That commitment is evidenced by our annual charitable contributions, which often exceed \$1.5 million. With the company's help and encouragement, our employees contribute several hundred thousand more. It is our intent that our commitment continues to thrive and grow. To that end, we take this opportunity to share our concerns with the Governor's Cleaner Air Oregon rulemaking initiative.

If finalized in its current form, Oregon's proposed CAA rule will be among the most stringent and restrictive in the country. Oregon DEQ has stated that its risk thresholds are similar to others on the west coast. This is not actually the case. Oregon is proposing a program similar to that in Southern California, whose thresholds are 25 in a million for cancer risk and a hazard index of 3 for noncancer risk. Oregon's are set at 25 and 1 respectively. Many other areas in California have set their risk thresholds much higher, with default thresholds of 100 in a million for cancer and a hazard index of 10 for noncancer risk. Oregon DEQ has also compared its proposed program to that of Washington state. Again, Oregon's is actually quite a bit more stringent. Washington's program does not apply to existing sources, only to new or modified sources, making it somewhat easier to design and engineer for additional pollution control equipment. For established sources, including ours, it is not feasible to add pollution control equipment.

One unanswered question is whether facilities that are already in compliance with federal toxic rules can comply with Oregon's rule. Federal toxic rules already require that Roseburg and similar companies install what is referred to as Maximum Achievable Control Technology (MACT). Over the past several years, Roseburg has spent \$50 million dollars on pollution control equipment for our Oregon facilities to comply with federal rules. DEQ's proposed rules do not recognize the federal MACT equipment as satisfying its Toxics Best Available Control Technology (TBACT) requirement. Facilities such as ours may be required to replace the federally required MACT equipment with something else.

DEQ has also proposed basing a facility's risk assessment on zoning or possible future land uses rather than the use at the time of the assessment. This will create undue uncertainty and speculation for any existing source. It is more appropriate to base a risk assessment on current, actual land use and actual risk, than on a theoretical "what if" scenario that may never materialize.

DEQ is trying to adopt a program too big for it to manage. DEQ proposes to identify the 80 highest risk sources and effectively place them on a permit modification "lock down" until DEQ reviews and issues a permit. Based on DEQ's past record, this could easily take 8-10 years, limiting companies' ability to expand, modernize, or perhaps even add pollution control equipment.

This rulemaking initiative includes a program larger than those adopted in most other states. Many state agencies implement new regulations in phases rather than all at once in a single rulemaking. We believe a phased-in approach would be more appropriate in Oregon's case. Roseburg encourages the Legislature to help DEQ and the regulated community by codifying some of the more potentially devastating points in statute. This would provide DEQ much needed guidelines and expectations, while providing the regulated community some certainty as to how the regulations will proceed.

Roseburg places a high value on our employees and communities, and we believe it is possible to create an air quality regulatory program that works for business, communities and employees alike. SB 1541 provides a reasonable approach to ensuring Oregon industries and operations are protective of public health. In addition, DEQ already struggles to achieve its current goals, and therefore, an honest conversation about funding for this program must occur. SB 1541 would be a significant improvement on both fronts.

Thank you for your time and effort to help DEQ and the regulated community reach a workable solution to this air toxics initiative. I urge you to support a legislative compromise during the February legislative session that will ensure our air is protected, while establishing evidence-based rules that do not harm our economy and jobs.

Sincerely,

A handwritten signature in black ink, appearing to read "Grady Mulbery", with a long horizontal flourish extending to the right.

Grady Mulbery
President and CEO
Roseburg Forest Products