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United States
Department of
Agriculture

Forest
Service

Rocky
Mountain
Region

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File Code: 2580

Date: APR 25 2006

Ms Deborah Jordan
Division Director
US EPA Region IX
75 Hawthorn Street
AIR - 1
San Francisco, CA 94105-3901

Dear Ms. Jordan:

We have reviewed the Prevention of Significant Deterioration (PSD) permit application prepared by Sithe Global Energy (Sithe) for the construction and operation of the Desert Rock Energy Facility. The proposed facility will include two 750-megawatt pulverized-coal boilers on the Navajo Nation land in northwestern New Mexico for a total of 1500 MW.

The USDA Forest Service (USDA-FS) administers seven mandatory Class I Wilderness Areas (La Garita, Pecos, San Pedro Parks, West Elk, Weminuche, Wheeler Peak, Mt. Baldy) and nine Class II Wilderness Areas within 300 km of the proposed facility. Under section 165(d)(B) of the Clean Air Act, (42 U.S.C. § 7475(d)(B)), the USDA-FS has an affirmative responsibility to protect the visibility and other air quality related values of USDA-FS administered Class I Wilderness areas and to consider whether a proposed major emitting facility will have an adverse impact on such values. Under the Wilderness Act, the USDA-FS has responsibilities to administer all Wilderness areas to maintain their Wilderness character and natural conditions.

Our role in the PSD permit process (42 U.S.C. § 7475) is to work with the US EPA and applicable state and Tribal governments to ensure that these important air quality attributes in Wilderness areas are protected. Wilderness areas near the proposed facility have some of the most pristine air in the country, but visibility impairment has been documented and certified in several of the nearby Class I Wilderness areas. We expect to see visibility improve as State and Tribal governments incorporate Best Available Retrofit Technology ("BART") and other provisions of EPA's Regional Haze Rule into regulatory strategies. However, until State and Tribal governments implement these BART strategies, we need to make progress toward the national visibility goal of no human-caused visibility impairment in Class I Wilderness areas. We must ensure that new sources do not adversely impact the visibility in these Wilderness areas, or if they do, that those impacts are adequately mitigated.



In cooperation with Sithe, the Navajo Nation, the Department of the Interior-National Park Service and Environmental Protection Agency Region 9 representatives over the past two years, we have carefully analyzed the potential impacts of the proposed Desert Rock Energy Facility and discussed ways to mitigate those impacts. Our primary goal is to improve existing air quality such that even if the Desert Rock Energy Facility were constructed and operated, there would be a net air quality improvement in the region. This is consistent with other ongoing efforts including the Four Corners Air Quality Task Force.

USDA-FS Preliminary Findings

- With a sufficient mitigation strategy, the USDA-FS can meet its affirmative responsibility in the PSD process and avoid the need for consideration of an adverse impact determination.
- Sithe has proposed a mitigation strategy to obtain emission reductions within the region that will more than offset their contribution to regional visibility impairment and will also reduce atmospheric deposition (i.e. acid rain).
- The USDA-FS has concluded that this commitment provided it is Federally enforceable and is included as a PSD permit condition, addresses our concerns and therefore we would not object to the proposed Desert Rock Energy Facility permit.
- To inform the public of our position regarding the Desert Rock Energy Facility, we suggest that you include the following language in your notice of public comment for the project:

"The USDA-Forest Service, as a Federal Land Manager, has informed EPA that the mitigation measures included in the draft permit are sufficient to alleviate concerns about potential adverse impacts on air quality related values (including visibility) at USDA Forest Service Class I areas in the region."

Tribal Government Relations

- We acknowledge the sovereign status of the Navajo Nation and their right to manage and utilize their natural resources.
- We appreciate the willingness of the Navajo Nation and Sithe to work with us to address our air quality concerns. Through this cooperative effort, we believe the natural resources that the USDA-FS administers will be protected and therefore the Desert Rock Energy Facility PSD permit application can move forward.
- We are interested in maintaining and improving our government-to-government relationship with all tribal nations and we support effective consultation with all tribal partners. This also includes tribal governments other than the Navajo Nation that may potentially be affected by the Desert Rock Energy Facility.
- We understand EPA intends to sponsor at least three workshops for tribes. We encourage you to design a consultation strategy to convey appropriate and accurate messages at formal consultation meetings. We are very willing to participate in this endeavor. In any event, we reserve the right to consult independently with tribal officials regarding this matter and to present the USDA-Forest Service's position on this project.

If you have any questions regarding this matter, please contact Rick Cables, USDA-FS R2 Regional Forester, at (303) 275-5450 or Harv Forsgren, USDA-FS R3 Regional Forester, at (505)-842-3300.

Sincerely,

[Handwritten signature]
Rick D. Cables
Regional Forester

[Handwritten signature]
Harv Forsgren
Regional Forester