

ARKANSAS
DEPARTMENT OF ENVIRONMENTAL QUALITY

In the Matter of:

LIS No. 18-073

ENTERGY ARKANSAS, INC.

White Bluff
1100 White Bluff Road
Redfield, AR 72132
AFIN: 35-00110

Lake Catherine
141 West County Line Road
Jones Mill, AR 72105
AFIN: 30-00011

Independence
555 Point Ferry Rd.
Newark, AR 72203
AFIN: 32-00042

ADMINISTRATIVE ORDER

This Administrative Order (AO) is issued pursuant to the authority delegated under the federal Clean Air Act, 42 U.S.C. § 7401 *et seq.*, and the federal regulations issued thereunder. In addition, this AO is issued pursuant to the authority of the Arkansas Water and Air Pollution Control Act, Act 472 of 1949, as amended, codified at Ark Code Ann. § 8-4-101 *et seq.*, including Ark. Code Ann. § 8-4-311.

The issues herein having been settled by agreement between Entergy Arkansas, Inc. (ENTERGY ARKANSAS) and the Director of the Arkansas Department of Environmental Quality (ADEQ), it is hereby stipulated that the following STATEMENT OF BASIS and ORDER AND AGREEMENT be entered. ADEQ and ENTERGY ARKANSAS hereby agree to the entry of this AO in order to satisfy first planning period requirements associated with the Regional Haze Rule, 40 C.F.R. Part 51 Subpart P, and 40 C.F.R. Part 51, Appendix Y.

STATEMENT OF BASIS

1. ENTERGY ARKANSAS is an Arkansas Corporation with its principal headquarters in Little Rock, Arkansas.
2. On July 1, 1999, the United States Environmental Protection Agency (U.S. EPA) published regulations to address visibility impairment in the nation's Class I areas. 64 Fed. Reg. 35714. On July 6, 2005, the U.S. EPA published an amendment to Best Available Retrofit

Technology (BART) requirements included in the 1999 regulations. 70 Fed. Reg. 39103. Collectively, these regulations are commonly known as the “Regional Haze Rule,” codified at 40 C.F.R. §§ 51.300–51.309.

3. Two Class I areas in Arkansas are covered by the Regional Haze Rule: Caney Creek Wilderness Area (Caney Creek) and the Upper Buffalo Wilderness Area (Upper Buffalo).
4. To meet the requirements of the Regional Haze Rule, states must submit state implementation plans (SIPs) implementing the requirements of the Regional Haze Rule to the U.S. EPA for approval. *Id.* Each Regional Haze SIP for the first planning period must contain “emission limitations” representing BART and schedules for compliance with BART for each BART-eligible source that may reasonably be anticipated to cause or contribute to any impairment of visibility in any mandatory Class I Federal area....” 40 C.F.R. § 51.308(e).
5. BART-eligible sources include those sources that: (1) have the potential to emit 250 tons or more of a visibility-impairing air pollutant; (2) were in existence on August 7, 1977, but not in operation prior to August 7, 1962; and (3) whose operations fall within one or more of the specifically listed source categories in 40 C.F.R. § 51.301 (including fossil fuel-fired boilers of more than 250 million British thermal units per hour [MMBtu/hr] heat input). 40 C.F.R. Part 51, Appendix Y(I)(C)(1), and 42 U.S.C. § 7491(b)(2)(A).
6. ADEQ determined that the following four (4) units are BART-eligible sources:
 - a. White Bluff Unit 1 (SN-01);
 - b. White Bluff Unit 2 (SN-02);
 - c. White Bluff Auxiliary Boiler (SN-05); and
 - d. Lake Catherine Unit 4 (SN-03).
7. BART or an alternative to BART is required for any BART-eligible source that emits any air pollutant that may reasonably be anticipated to cause or contribute to any impairment of visibility in a Class I Area. 42 U.S.C. § 7491(b)(2)(a); 40 C.F.R. § 51.308(e). All four units (4) listed in Paragraph 6 were determined by ADEQ to be subject-to-BART in Arkansas’s 2008 Regional Haze SIP. EPA approved the subject-to-BART determinations for all four units in 2012 but disapproved other elements of the SIP. 77 FR 14604 (March 1, 2012).
8. EPA issued a federal implementation plan (FIP) in 2016 to address disapproved portions of the SIP. 81 FR 66332 (September 27, 2016). The FIP imposes BART requirements on the four (4) units identified in Paragraph 6 and controls for reasonable progress on Independence Unit 1 (SN-01) and Independence Unit 2 (SN-02). For sulfur dioxide, the FIP requires White Bluff Unit 1 (SN-01) and White Bluff Unit 2 (SN-02) and Independence Unit 1 (SN-01) and Independence Unit 2 (SN-02) to install scrubbers by October 27, 2021.
9. The State of Arkansas and ENTERGY ARKANSAS petitioned the U.S. Court of Appeals for the Eighth Circuit for review of the FIP, including the sulfur dioxide requirements; which

petitions were consolidated with appeals by other parties in *State of Arkansas v. EPA*, No. 16-4270.

10. In furtherance of resolution of some or all of the issues raised in *State of Arkansas v. EPA*, ADEQ is developing SIP revisions to replace the FIP.
11. On August 18, 2017, ENTERGY ARKANSAS provided to ADEQ a revised BART analysis. Based on updated information provided by ENTERGY ARKANSAS since the August 18, 2017 submittal, which included ENTERGY ARKANSAS's anticipated plans to cease burning coal at White Bluff by December 31, 2028, ADEQ determined that low sulfur coal constitutes BART for White Bluff Unit 1 (SN-01) and White Bluff Unit 2 (SN-02).
12. In comments submitted on ADEQ's October 2017 proposed Regional Haze SIP revision, ENTERGY ARKANSAS proposed inclusion of a requirement for low sulfur coal at Independence Unit 1 (SN-01) and Unit 2 (SN-02) as part of Arkansas's long term strategy for the first planning period as a SIP-strengthening measure. Although such limits are not necessary for the purposes of ensuring reasonable progress during the first planning period, visibility benefits are anticipated during the second planning period from this voluntarily proposed SIP-strengthening measure.
13. The Regional Haze Rule requires comprehensive periodic revisions of implementation plans for regional haze at 40 C.F.R. § 51.308(f) in which each state, including Arkansas, must revise and submit its regional haze SIP revision to EPA in 2021, 2028, "and every ten years thereafter."
14. ADEQ considers the requirements set forth in the ORDER AND AGREEMENT to be "applicable requirements" within the meaning of Title V of the Clean Air Act. The addition of these applicable requirements necessitates the reopening of the respective permits for the White Bluff, Lake Catherine, and Independence facilities in order to incorporate the applicable requirements. 40 C.F.R. § 70.7(f)(1)(i).

ORDER AND AGREEMENT

WHEREFORE, without any admission by ENTERGY ARKANSAS of the factual and legal allegations contained herein, ADEQ and ENTERGY ARKANSAS do hereby stipulate and agree as follows:

1. ENTERGY ARKANSAS shall comply with all requirements set forth in this Order and Agreement.
2. To meet BART for sulfur dioxide, White Bluff Unit 1 (SN-01) and White Bluff Unit 2 (SN-02) shall each comply with an emission limit of 0.60 pounds of sulfur dioxide per million British thermal units (0.60 lb/MMBtu) on a rolling 30-boiler-operating-day averaging period within three years of the effective date of this AO.
3. Compliance with Paragraph 2 in this Order and Agreement shall be determined by using data from a continuous emission monitoring system.

4. Consistent with ENTERGY ARKANSAS's representations to ADEQ in its Updated Five Factor Analysis for White Bluff, White Bluff Unit 1 (SN-01) and White Bluff Unit 2 (SN-02) shall permanently cease coal-fired operations by no later than December 31, 2028.
5. As of the effective date of this AO, White Bluff Auxiliary Boiler (SN-05) shall comply with BART by complying with the following emission limits:
 - a. 105.2 pounds of sulfur dioxide per hour (105.2 lb/hr);
 - b. 32.2 pounds of nitrogen oxides per hour (32.2 lb/hr); and
 - c. 4.5 pounds of particulate matter per hour (4.5 lb/hr).
6. Independence Unit 1 (SN-01) and Independence Unit 2 (SN-02) shall each comply with an emission limit of 0.60 pounds of sulfur dioxide per million British thermal units (0.60 lb/MMBtu) on a rolling 30-boiler-operating-day averaging period within three years of the effective date of this AO.
7. Compliance with Paragraph 6 in this Order and Agreement shall be determined by using data from a continuous emission monitoring system.
8. As of the effective date of this AO, Lake Catherine Unit 4 (SN-03) shall burn only pipeline quality natural gas.
9. A violation of this AO shall be considered unlawful under Ark. Code Ann § 8-4-217 and subject to the penalties set forth in Ark. Code Ann § 8-4-103 in the same manner as a violation of a permit issued by ADEQ.
10. ENTERGY ARKANSAS shall submit permit modification applications to ADEQ for the Lake Catherine, White Bluff, and Independence facilities in order to incorporate the applicable requirements of this AO no later than eighteen (18) months after the effective date of this AO.
11. Prior to the execution of any agreement for the transfer of ownership or operation of the White Bluff, Lake Catherine, or Independence facilities, ENTERGY ARKANSAS shall provide notice of and a copy of this AO to the proposed transferee. No transfer of ownership or operation of any portion of the White Bluff, Lake Catherine, or Independence facilities shall relieve ENTERGY ARKANSAS of its obligation to ensure that the terms of the AO are implemented unless, at least 30 days prior to such transfer, ENTERGY ARKANSAS provides written notice of the prospective transfer to EPA Region 6 and ADEQ, and the prospective transferee executes an AO with ADEQ prior to the effective date of the transfer providing for continued compliance with the terms set forth in the AO. The Notice of Transfer shall clearly identify the parties responsible for any existing violations of this AO. Any attempt to transfer ownership or operation of the White Bluff, Lake Catherine, or Independence facilities without complying with this Paragraph constitutes a violation of this AO.

12. Nothing contained in this AO shall relieve ENTERGY ARKANSAS of any obligations imposed by any other applicable local, state, or federal laws, nor, except as specifically provided herein, shall this AO be deemed in any way to relieve ENTERGY ARKANSAS of responsibilities contained in the permit.
13. If the U.S. Congress or a federal court takes action on the Arkansas Regional Haze SIP revision or Regional Haze Rule resulting in the alteration of compliance requirements of the AO including deadlines or other requirements, in whole or in part, then the AO shall be enforceable only to the extent it is federally enforceable.
14. If any provision or requirement of this AO pertaining to the Lake Catherine, White Bluff, or Independence facilities is disapproved by EPA, all provisions or requirements specifically pertaining to that facility shall be severed and rendered inoperative, and the remaining provisions of this AO shall continue to be binding on the parties.
15. This AO is effective upon execution by the Director of ADEQ.
16. By virtue of the signature appearing below, the individual represents that he or she is either an Officer or authorized representative of ENTERGY ARKANSAS.

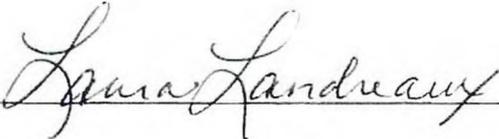
SO ORDERED THIS 7th DAY OF August, 2018.



Becky W. Keogh, Director
Arkansas Department of Environmental Quality

APPROVED AS TO FORM AND CONTENT:

Entergy Arkansas, Inc.



By Laura Landreaux
Its President and CEO
Date 8/7/2018

