



E. SCOTT PRUITT  
ATTORNEY GENERAL

May 15, 2013

Steven A. Thompson, Executive Director  
Oklahoma Department of Environmental Quality  
707 N. Robinson  
P.O. Box 1677  
Oklahoma City, OK 73101-1677

Re: PSO/EPA Settlement Agreement- Revised State Implementation Plan

Dear Mr. Thompson:

As you are aware, the PSO/EPA settlement plan, upon which the revised State Implementation Plan ("SIP") is based, required that Public Service Corporation of Oklahoma ("PSO") decommission one of its coal-fired generation facilities by 2016. The 2012 PSO Integrated Resource Plan ("IRP") provided for the replacement of only 260 MWs of the 500 MW coal-fired generation plant that is scheduled for closure. As such, the cost estimates for the SIP settlement plan are premised upon replacement of roughly only one-half of that plant's capacity and energy. Recently, PSO announced its intention to submit a revised IRP at the Oklahoma Corporation Commission to amend its 2012 IRP. The stated purpose of this amended IRP is to include approximately 250 MWs of electric load that will be served by PSO in the 2016 time frame.

Because PSO has added additional load which now requires a revision to the 2012 IRP, the cost information concerning the PSO/EPA settlement plan and, hence, the revised SIP, may be inaccurate to a degree that cannot be determined at this time. As such, cost assessments that have been conducted in the PSO proceeding at the Corporation Commission and by the Oklahoma Department of Environmental Quality ("DEQ") in association with the SIP are based on incomplete and inaccurate data (see revised paragraph 12 in First Amended Regional Haze Agreement). More accurate cost information will be developed after PSO submits its amended IRP in June of this year and includes the entire 500 MWs of needed capacity/energy as opposed to only 260MWs.

In addition, Title 27A O.S. §1-1-206 "Economic Impact—Environmental Benefit Statement" requires a state environmental agency to duly determine the economic impact and environmental benefit of a permanent rule that is more stringent than corresponding federal requirements, unless such stringency is specifically authorized by state statute. It is certainly arguable that the proposed revised SIP for PSO is more stringent than the previously issued EPA FIP. Without accurate updated

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cost information from PSO's revised IRP, it seems unlikely that any economic impact – environmental benefit statement compiled by DEQ would be accurate.

Based on the above, I respectfully request that DEQ delay the public meeting scheduled for May 20, 2013, and delay a final decision regarding the SIP, until PSO's amended IRP can be fully vetted in proceedings at the Corporation Commission. The 2013 IRP process will yield additional information that will provide the opportunity to ascertain the true cost of the SIP that is required in proceedings at both the Corporation Commission and the DEQ.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Scott Pruitt". The signature is written in a cursive style with a large initial "E" and a long horizontal stroke extending to the right.

E. Scott Pruitt  
Attorney General