

1 BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

2

IN THE MATTER OF:

3

VEHICLE SCRAPPAGE ACTIVITIES, 35

4

ILL. ADM. CODE 207

ROO-16

(Rulemaking - Air)

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VOLUME II

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10 The following is the transcript of a hearing

11 held in the above-entitled matter, taken

12 stenographically by Debra L. Lyman, CSR, a notary

13 public within and for the County of Cook and State of

14 Illinois, before Marie Tipsord, Hearing Officer, at 100

15 West Randolph Street, Room 9-040, Chicago, Illinois, on

16 the 24th day of March, 2000, A.D., commencing at the

17 hour of 10:05 a.m.

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1 APPEARANCES:

2 HEARING TAKEN BEFORE:

3 ILLINOIS POLLUTION CONTROL BOARD

100 WEST RANDOLPH STREE

4 Suite 9-040

Chicago, Illinois 60601

5 (312) 814-4925

BY: MS. MARIE TIPSORD

6 HEARING OFFICER

7 ILLINOIS POLLUTION CONTROL BOARD MEMBERS PRESENT:

8 Mr. G. Tanner Girard

Mr. Samuel Lawton

9

ILLINOIS POLLUTION CONTROL BOARD TECHNICAL UNIT MEMBERS

10 PRESENT:

11 Mr. Anand Rao

12 ILLINOIS ENVIRONMENTAL PROTECTION AGENCY MEMBERS

PRESENT:

13

Mr. Roger Kanerva

14 Mr. James R. Matheny

Ms. Bonnie Sawyer

15 Mr. Stan Ostrem

Mr. Darwin Burkhart

16

OTHER AUDIENCE MEMBERS WERE PRESENT AT THE HEARING, BUT

17 NOT LISTED ON THIS APPEARANCE PAGE.

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24

1 I N D E X

2 PAGE

3

4 Greeting by Hearing Officer 96

5 Opening Statement by Ms. Sawyer 99

6 Questions and Answers by IPCB and IEPA 117

7 E X H I B I T S

8 HEARING EXHIBIT PAGE

9 1 No. 2 105

10 2 No. 3 116

11 3 No. 4 177

12 4 No. 5 186

13 5 No. 6 186

14 6 No. 8 200

15

16

17

18

19

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L.A. REPORTING (312) 419-9292

96

1 HEARING OFFICER TIPSORD: Good morning. My name
2 is Marie Tipsord, and I've been appointed by the Board
3 to serve as hearing officer in this proceeding entitled
4 In the Matter of: Vehicle Scrappage Activities, 35
5 ILL. ADM. Code 207. That's Board Docket No. R00-16.

6 To my right is Dr. Tanner Girard. He is a
7 board member assigned to this matter, and to my left is
8 Mr. Samuel Lawton. He's also a board member. Also
9 present today is Anand Rao of our technical unit. He's
10 in the back of the room.

11 This is our second hearing to be held in this
12 proceeding. The first hearing was held in Springfield
13 on March 1st, 2000. At that hearing, the Illinois
14 Environmental Protection Agency presented testimony and
15 answered questions. We also had testimony from Mike
16 Balogh, David Bliss, and James Schaf.

17 The purpose of today's hearing is to hear any
18 additional testimony which any person would like to
19 offer. We also will hear a summary of the testimony
20 offered at the first hearing by the agency, and they'll
21 be here to answer any questions.

22 I would note that there are copies of two

23 public comments which have been filed. And if we do
24 run out of copies again, I can be sure and get more

L.A. REPORTING (312) 419-9292

97

1 copies. There's also a sign-up sheet for anyone who
2 wishes to testify today. I ask that you do sign up so
3 I can call on you later on, and we'll go in order of
4 whoever's first on the list on down. There are also
5 sign-up sheets for the notice and service list. If you
6 wish to be on the service list, you will receive all
7 pleadings and all public comments in this proceeding.
8 In addition, you must serve all of your filings on the
9 persons on the service list. If you wish to be on the
10 notice list, you will receive all board and hearing
11 officer orders in this rulemaking. If you have any
12 questions as to which list you would like to be on,
13 please see me at a break. There are also copies of the
14 current notice and service list on the table here at
15 the front of the room.

16 At this time I'd like to ask Dr. Girard if he
17 has anything he'd like to say.

18 BOARD MEMBER GIRARD: Thank you. On behalf of the
19 Board, I welcome everyone to this public hearing today
20 on this proposed rulemaking. I especially would like
21 to thank the members of the public who have come and

22 taken time out of their busy schedules to help us write
23 these rules. The Illinois General Assembly has asked
24 us to write these rules, but I can assure you that we

L.A. REPORTING (312) 419-9292

98

1 need the input of the public so that we can do the best
2 possible job. We look forward to your comments and
3 testimony today. Thank you.

4 HEARING OFFICER TIPSORD: Mr. Lawton, do you have
5 anything you'd like to say?

6 BOARD MEMBER LAWTON: No.

7 HEARING OFFICER TIPSORD: I'd also like to note
8 that anyone may ask a question of either myself or the
9 agency. However, I do ask that you raise your hand and
10 wait for me to acknowledge you. After I've
11 acknowledged you, please stand and state your name and
12 who you represent before you begin your questions.

13 And please speak one at a time. If you are
14 speaking over each other, the court reporter will not
15 be able to get your questions on the record. Please
16 note that any questions asked by a board member or
17 staff are intended to help build a complete record for
18 the Board's decision and not to express any
19 preconceived notion or bias.

20 At this time does anyone have any questions

21 about the procedures we're going to follow this
22 morning? Okay. Then I think I'll turn it over to
23 Ms. Sawyer.
24 (Witness sworn.)

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99

1 WHEREUPON:

2 BONNIE SAWYER,
3 called as a witness herein, having been first duly
4 sworn, was examined and testified as follows:

5 MS. SAWYER: Good morning. My name is Bonnie
6 Sawyer. I'm an assistant counsel with the Illinois
7 Environmental Protection Agency.

8 As the hearing officer noted, we are here
9 today to receive public comments on the agency's
10 proposed vehicle scrappage program which has been
11 accepted by the Pollution Control Board as a proposed
12 rule. For the previous hearing that was held in
13 Springfield, the agency filed written testimony by
14 Roger Kanerva, which addressed the history of the
15 agency's development of the vehicle scrappage program.

16 We also filed testimony from Stanley Ostrem
17 which discussed -- provided an overview of the proposed
18 rule and the important components of that rule. We
19 filed testimony from James Matheny. Mr. Matheny's

20 testimony dealt with the vehicle inspection and
21 maintenance testing program and the mobile model that
22 can be used to determine emission reductions under this
23 program, and we filed testimony by Darwin Burkhart
24 discussing how emission reductions generated would be

L.A. REPORTING (312) 419-9292

100

1 factored into the agency's air quality planning scheme.

2 Today both Mr. Kanerva will have a statement
3 supplementing his testimony from the previous hearing
4 and Mr. Ostrem will provide an overview of his
5 testimony. We are getting copies of our written
6 testimony made right now, and they should be available
7 shortly.

8 Additionally, we have some remarks that we
9 would like to make in response to some of the issues
10 that were raised at the previous hearing. What we also
11 have today is -- we are proposing several rule
12 revisions in response to issues that were raised at the
13 previous hearing, and we do have copies of what we're
14 proposing there available. If there aren't enough,
15 someone is making more copies right now.

16 And I'd just like to briefly go through the
17 changes that we're proposing. We are proposing a
18 change to Section 207.304, Vehicle Eligibility. This

19 was in response to a question raised by the Pollution
20 Control Board at the last hearing. We had required
21 that vehicles that were eligible for scrapping be in
22 compliance with Chapter 12 of the Illinois Vehicle
23 Code.

24 The Pollution Control Board questioned

L.A. REPORTING (312) 419-9292

101

1 whether this section was rather broad and if we wanted
2 to limit it to some extent. We wanted to clarify that
3 what we're referring to is the equipment specifications
4 that are required for a vehicle to be driven on the
5 road. This is to ensure that vehicles that would be
6 retired are actually vehicles that are in use in the
7 Chicago nonattainment area.

8 The second change that we are proposing is to
9 Section 207.310. This section is titled Notification
10 to Vehicle Collectors and Automotive Rebuilders and
11 Suppliers. At the first hearing, we received a couple
12 questions about notification that is required to be
13 provided prior to scrapping vehicles. Scrappers have
14 to either provide written notification to car
15 collectors that will be on a list that we will provide
16 the scrappers with, or they may provide just Internet
17 notification of all of the vehicles that they've

18 collected for scrapping.

19 In our initial proposal, we required that the
20 scrappers wait ten days after posting notification on
21 the Internet to scrap the vehicles and 20 days if
22 written notice was provided.

23 The Board had raised some questions
24 concerning the different time periods and whether -- if

L.A. REPORTING (312) 419-9292

102

1 written notice was provided, plus Internet notice, what
2 time period would apply? We also had a public comment
3 about ten days being a very short time. What we are
4 proposing to do is just require that vehicles cannot be
5 scrapped until 21 days after notification is provided
6 by either means, Internet or written notice.

7 The next amendment is to Section 207.318,
8 Documentation Requirements. This section lists a bunch
9 of different records that scrappers are required to
10 maintain to demonstrate that they are doing things in
11 compliance with the rule and with their vehicle
12 scrappage plan.

13 At the first hearing, the Board had
14 questioned as to whether the information the
15 documentation maintained would be available to the
16 public, whether it would be actually reported to our

17 agency. And in response to that, we did point out that
18 most of the information that they are required to
19 maintain is submitted when they actually come back in
20 to claim emission reduction credits.

21 In this rule, we're doing several different
22 things to enhance the reporting that's required under
23 this rule, and Mr. Kanerva will go into this -- these
24 changes in more detail. One change is that we are

L.A. REPORTING (312) 419-9292

103

1 actually putting in a requirement that the scrappers
2 submit any information to our agency upon request. And
3 I'll get to a couple other things that we're doing in a
4 moment.

5 The next change is to Section 207.404,
6 Targeting of High Emissions Vehicles. This is simply a
7 clarification of the vehicle inspection and maintenance
8 program that we are referring to in this section, and
9 that was in response to an issue raised by the
10 Pollution Control Board at the last hearing.

11 The next change is to Section 207.504, CER
12 Calculation Methodology. For those of you who may not
13 be familiar with the rule, a CER is a credible emission
14 reduction, and this provides the formula that scrappers
15 will have to use to determine if -- what emission

16 reduction credits may be available to them. We're just
17 doing two things to this credit.

18 We're clarifying that the CERs that are
19 represented in this formula are kilograms in total over
20 a several year period versus kilograms per year, and
21 we're also clarifying that the mileage that is used in
22 the formula must be based on recent usage of the
23 retired vehicle.

24 The next section, the amendments included in

L.A. REPORTING (312) 419-9292

104

1 that are again intended to enhance the reporting
2 requirements under the rule to ensure that relevant
3 information is submitted to the agency and available to
4 the public if they request it from the agency. We've
5 also clarified the time frames that sources need to
6 report this information.

7 We've actually -- we require them to report
8 more often than we had in the original version of the
9 rule, and we added that they must include a log
10 identifying for each retired vehicle whether enhanced
11 options or disassembly and recycling were used. This
12 was the one area that we thought there was a bit of a
13 gap between the documentation requirements and the
14 reporting requirements.

15 As I explained, I think Mr. Kanerva will
16 provide a little bit more clarification on our
17 rationale for the changes we've made to the
18 documentation requirements, but those are the
19 amendments that we have proposed in -- that we would
20 like to propose today.

21 There were a couple other procedural issues
22 that the Board raised at the last hearing that we will
23 address in our written comments to you.

24 HEARING OFFICER TIPSORD: Okay.

L.A. REPORTING (312) 419-9292

105

1 MS. SAWYER: So at this time I'd like to propose
2 this as an exhibit amending the rule.

3 HEARING OFFICER TIPSORD: Is there any objection
4 to the admission of the exhibit?

5 Seeing none, this will be marked as Exhibit
6 No. 2.

7 (Exhibit No. 2 marked.)

8 MS. SAWYER: Madam Hearing Officer, all of the
9 agency witnesses were sworn in at the previous hearing.
10 I don't know if you want to swear them in today.

11 HEARING OFFICER TIPSORD: Yeah. Let's go ahead
12 and swear them in again today.

13 (IEPA members sworn.)

14 MS. SAWYER: And we will proceed with a statement
15 by Mr. Kanerva.

16 (Witness sworn.)

17 WHEREUPON:

18 ROGER KANERVA,
19 called as a witness herein, having been first duly
20 sworn, was examined and testified as follows:

21 MR. KANERVA: And for the record, my name is Roger
22 Kanerva, environmental policy advisor for the Illinois
23 EPA.

24 UNIDENTIFIED AUDIENCE MEMBER: Speak up. We can't

L.A. REPORTING (312) 419-9292

106

1 understand you. Speak a little bit more clearly.

2 UNIDENTIFIED AUDIENCE MEMBER: Maybe you should
3 spell your name.

4 MR. KANERVA: K-a-n-e-r-v-a.

5 At the hearing today, I will supplement my
6 written testimony by elaborating on several points
7 about the role of vehicle scrappage in Illinois' clean
8 air program. As described in my written testimony, we
9 envision vehicle scrappage playing a secondary role
10 with respect to the Emissions Reduction Market System.
11 With the start-up of the ERMS just a few months away,
12 market activity is already developing as evidenced by

13 the market price listings posted by Canter Fitzgerald,
14 a national environmental brokerage service. CF's
15 website listing for March 22nd, 2000, showed \$210 per
16 volatile organic material ATU, or \$2100 per ton of VOM
17 emissions for a seasonal period.

18 In this listing, CF also shows the price for
19 permanent transfer of ATUs as being \$10,000 per ton.
20 As an illustrative example, the cost of buying
21 scrappage credits under the South Coast Air Quality
22 Management District's rules varies from about \$5800 per
23 ton of VOCs to as high as \$20,000 per ton, depending on
24 the model year of the vehicle collected.

L.A. REPORTING (312) 419-9292

107

1 Using these respective costs, a participating
2 source in search of emissions reductions for compliance
3 would probably prefer trading for ATUs in the regular
4 ERMS market. On the other hand, other factors could
5 influence this decision, such as relative availability
6 of ATUs in any given season and time of year ATUs are
7 sought in market. A participating source might simply
8 prefer to control its own compliance fee and choose
9 vehicle scrappage over finding trading partners in the
10 marketplace. In this regard, vehicle scrappage
11 sponsors may find enterprising ways to be competitive

12 in the marketplace.

13 The second matter I want to cover involves
14 the utility of vehicle scrappage as a source of
15 emissions reductions for the Alternative Compliance
16 Market Account, the ACMA. In anticipation of having
17 the responsibility to manage the ACMA, the agency
18 sponsored an amendment to Section 9.8 of the
19 Environmental Protection Act. This section contains
20 the original authorization for the ERMS.

21 This amendment added Subsection (e) that
22 created in the state treasury the Alternative
23 Compliance Market Account Fund. This fund can be used
24 for the following purposes; one, to accept and retain

L.A. REPORTING (312) 419-9292

108

1 funds from persons who purchase allotment trading units
2 from the agency pursuant to regulatory provisions and
3 payments of interest and principal and, two, to
4 purchase services, equipment, or commodities that help
5 generate emissions reductions in or around the ozone
6 nonattainment area, northeastern Illinois.

7 Thus, the necessary mechanisms are in place
8 for the agency to collect and expend funds that help
9 generate emissions reductions. Vehicle scrappage could
10 well be one of the activities we sponsor to fulfill our

11 obligation under Section 205.710(g) of the Part 205
12 rules, which concludes my additional remarks from the
13 written testimony.

14 MS. SAWYER: Thank you, Mr. Kanerva.

15 We also would like to present a short written
16 statement by Mr. Ostrem. And as I explained, he had
17 provided testimony summarizing the major components of
18 the proposed rule.

19 (Witness sworn.)

20 WHEREUPON:

21 STAN OSTREM,

22 called as a witness herein, having been first duly
23 sworn, was examined and testified as follows:

24 MR. OSTREM: Good morning. My name is Stan

L.A. REPORTING (312) 419-9292

109

1 Ostrem, and I'm an environmental policy analyst at the
2 Illinois EPA.

3 First off, you will note that our vehicle
4 scrappage proposal is based on several areas such as
5 the United States Environmental Protection Agency's
6 guidance in addition to outreach sessions with
7 interested parties. However, the main basis comes from
8 our pilot project that we conducted in 1992.

9 Many of the items you see in this vehicle

10 scrappage proposal come directly from our experience
11 with the pilot project. You will also notice the
12 vehicle scrappage proposal has several requirements
13 from vehicle eligibility to handling and management of
14 waste that must be met by sponsoring entities in order
15 to constitute a viable vehicle scrappage project or
16 program. In fact, the agency has several oversight
17 requirements from the planning stage to the operation
18 stage that will ensure future vehicle scrappage
19 activities are being properly conducted.

20 Another item I want to emphasize is that
21 participating in future vehicle scrappage activities is
22 to be strictly voluntary. No citizen will be required
23 to participate unless they choose to do so. Failure of
24 vehicle scrappage sponsors or managers to expressly

L.A. REPORTING (312) 419-9292

110

1 note the voluntary nature of vehicle scrappage during
2 contact with perspective participants will result in
3 agency disapproval of the vehicle scrappage plan.

4 Finally, I want to highlight again there are
5 opportunities for interested parties to purchase
6 vehicles and/or vehicle parts from vehicle scrappage
7 activities. Selling these items to interested parties
8 may make economic sense for a vehicle scrappage sponsor

9 or manager instead of claiming credible emissions
10 reductions or CERs. In fact, we feel these monetary
11 safeguards will help ensure that interested parties
12 have a viable opportunity to purchase vehicles or
13 vehicle parts. This concludes my oral testimony.

14 MS. SAWYER: Thank you, Mr. Ostrem.

15 Mr. Kanerva also has some remarks in response
16 to some of the issues raised at the previous hearing
17 and also some remarks explaining some of the revisions
18 that we're proposing.

19 MR. KANERVA: I'd like to comment first on the
20 proposed change on the submission and review of the CER
21 claims, which was 207.510. Again, just to elaborate a
22 little further at the last -- at the first hearing,
23 Board Member Girard expressed a concern about
24 information being available about the progress being

L.A. REPORTING (312) 419-9292

111

1 made, is the term I would use, during -- for a
2 scrappage project or program as it was proceeding
3 rather than wait until the very end. We were talking
4 about how much information would be provided to the
5 agency and be on the public record for review.

6 The point we made at the hearing, if you'll
7 recall, is that we felt that the most critical

8 information of public interest was reflected in what
9 people would file when they filed their claim for a
10 credit, that that's when they would describe the
11 vehicle collected, the emission testing results, and
12 their calculations for how much emissions were reduced,
13 which is, of course, critical to being sure that
14 there's credible review of the information.

15 In response to this idea that, well, gee,
16 maybe there's other information available at the
17 facility about the collected cars that might be of
18 interest to the public, as Bonnie Sawyer said, we kind
19 of compared what that would be to what is filed with
20 the claim and really came up with these two items that
21 are listed on F then of that proposed change about a
22 log would be provided that would indicate whether
23 enhanced options were used, which gets at much more of
24 how did that program really operate.

L.A. REPORTING (312) 419-9292

112

1 Did they target high emission vehicles, for
2 instance, that's one of the enhanced options, and
3 whether or not disassembly and recycling were used in
4 that project for particular vehicles? Now, the reason
5 we're focusing on that is because there's been so much
6 interest in keeping these parts available, in there

7 being recycling opportunities, and in effect the public
8 record shows whether or not that's happening. I think
9 we're getting a message out there that people can keep
10 track of whether it's performing the way we had
11 intended.

12 The second aspect is the timing here. And by
13 providing an express time frame under (a) in the lead
14 paragraph of the 120 days -- now, the project, again,
15 is a one-time event. So the 120 days would take place
16 fairly quickly then after that event. So you'd have
17 all your cars collected and within 120 days they'd file
18 their claim and you would have all this information
19 we've been talking about, which is actually pretty
20 quick.

21 The programs could be ongoing and they might
22 collect periodically and continue over time; and in
23 that case, we expect them to file periodically for
24 their credits. Here we've gone ahead and said

L.A. REPORTING (312) 419-9292

113

1 quarterly at least, but some folks might want to do it
2 a little more frequently or what have you. So we have
3 put this option about unless another period is
4 specified, but we have to prove that in the plan.
5 Again, the idea being on a regular basis, then, this

6 information will come in about the cars collected, the
7 testing, the recycling, the disassembly. It will be on
8 the record for people to review.

9 Some of the other details that appear in the
10 on-site recordkeeping requirement, photographs of the
11 vehicle, record of title transfer, those are the kinds
12 of auditable things that we feel under the air
13 pollution program have always been traditionally kept
14 out of sight, no different than a regulated permit
15 situation. And so those we felt really should stay the
16 way we have them written in the rule.

17 The second thing I would like to respond to
18 from the first hearing is to go through an example of
19 the relative significance of vehicle scrappage/emission
20 reductions. And we've got extra copies here if people
21 want to kind of walk through this example with us.
22 It's just a one-page explanation.

23 HEARING OFFICER TIPSORD: We're going to have more
24 copies of that on its way down in just a few minutes.

L.A. REPORTING (312) 419-9292

114

1 MR. KANERVA: If you recall, the -- there was
2 testimony from Mike Balogh of the Illinois Car
3 Collector -- Illini Car Collector Club, I believe. And
4 the question he asked, in essence, was what I've

5 written here as number one on the outline here about
6 how significant are vehicle scrappage emissions as
7 compared to emissions from major stationary sources.

8 So what we've done in this example or this
9 discussion here is compared the Cash for Clunkers
10 Project results basically with some of the information
11 from the Emissions Reduction Market System that has
12 major participating sources in it, major industrial
13 sources, manufacturing facilities and the like. There
14 were 207 vehicles collected, as we testified about the
15 pilot project.

16 The testing of those showed about -- showed
17 43.6 tons of VOM emissions, and adjusting that for --
18 that's on a -- for the time frame related to the
19 remaining life of the vehicle, roughly two years for
20 that program. Converting that to an ozone season
21 basis, you take five-twelfths of that tonnage and
22 you've got 18.2 tons of equivalent emissions for the --
23 relating this project to the Emission Reduction Market
24 System.

L.A. REPORTING (312) 419-9292

115

1 So looking at the participating sources in
2 the market system, the average seasonal emissions from
3 the 182 sources that are in that program are 53 tons

4 per season of volatile organic emissions. The actual
5 threshold for being in that program, being required to
6 be part of the market system, is ten tons of VOM
7 emissions per season.

8 Now, in comparing these two, as you can
9 readily see, the Cash for Clunkers Project emissions of
10 18.2 tons were actually greater than the participation
11 threshold of ten tons to be in the ERMS program at all.
12 Had they been quote/unquote a source, they would have
13 had to be a participant in the market system to be
14 subject to that requirement. The project results are
15 34 percent of the average participating source
16 emissions. 18.2 is 34 percent of 53 tons, and this is
17 perhaps the most interesting fact, I think, from our
18 perspective. Fifty-three of the participating sources
19 in the market system have emissions that are less than
20 the 18 tons that we collect -- that we had from our
21 Cash for Clunkers Project. So about 29 percent of the
22 sources in the market system actually have emissions
23 less than what this project yielded.

24 So I guess our conclusion in terms of what

L.A. REPORTING (312) 419-9292

1 that means is essentially that that one small scrappage
2 project did generate significant emissions reductions

3 when you do compare it to the stationary sources in the
4 ERMS program.

5 HEARING OFFICER TIPSORD: Ms. Sawyer, would you
6 like to move this as an exhibit?

7 MS. SAWYER: Yes. I'd like to move this item as
8 an exhibit into the record.

9 HEARING OFFICER TIPSORD: Is there any objection
10 to this being an exhibit?

11 Seeing none, this will be marked as Exhibit
12 No. 3.

13 (Exhibit No. 3 marked.)

14 MR. KITOWSKI: Question.

15 MS. SAWYER: We are --

16 HEARING OFFICER TIPSORD: Are you ready for
17 questions?

18 MS. SAWYER: -- ready for questions.

19 HEARING OFFICER TIPSORD: Okay.

20 MR. KITOWSKI: In regards --

21 HEARING OFFICER TIPSORD: Wait a minute.

22 MR. KITOWSKI: -- to this document, a quick
23 question.

24 HEARING OFFICER TIPSORD: Okay. Why don't you --

L.A. REPORTING (312) 419-9292

117

1 MR. KITOWSKI: Who conducted this?

2 HEARING OFFICER TIPSORD: Excuse me, please. I
3 need you to stand up, tell me who you are, and if you
4 represent someone, who you represent.

5 MR. KITOWSKI: I'm Nicholas Kitowski. I'm the
6 president of the Chicago Gearhead Car Club.

7 HEARING OFFICER TIPSORD: Okay. Go ahead. I'm
8 sorry.

9 MR. KITOWSKI: The document that you want to
10 submit, who did the research on this?

11 MR. KANERVA: The Cash for Clunkers Project we
12 testified on at the first hearing. The agency was a
13 sponsor of that project and ran it in 1992/'93 time
14 frame. The report came out a little bit after that.
15 The report itself was filed into the record as an
16 exhibit, the results of the Cash for Clunkers Project.

17 MR. KITOWSKI: So this was a controlled test?

18 MR. KANERVA: It was essentially an experiment to
19 see what kind of results we would get from trying to do
20 scrapping in the midwest since it hadn't really been
21 tried as a government-sponsored activity until we did
22 it.

23 MR. KITOWSKI: Where were the cars obtained from?

24 MR. KANERVA: What we did was take a look at the

1 emissions results from our vehicle testing program and
2 essentially selected out vehicles that had not been
3 able to pass the test and were on waivers in that
4 program or were high emitters. They were within, we
5 call them, marginal compliance. They were within
6 25 percent of the maximum amount.

7 And we essentially sent notices out to people
8 and offered a purchase price for -- that varied by
9 model year, and it was up to them if they were
10 interested to get back in touch with us and indicate
11 whether they were interested in participating in the
12 project. So about 440 vehicle owners got back to us
13 out of about 1300 that we mailed responses out to, and
14 we were -- we had enough funding to purchase about 207
15 cars.

16 HEARING OFFICER TIPSORD: Your name?

17 MR. HULT: My name is Dennis Hult. I'm a member
18 of four or five car clubs. Being a mathematician, on
19 this you kind of answered the question, but to make
20 this calculation to arrive at 18.2 tons, you obviously
21 have to decide how many miles that car has driven, how
22 much it was polluting over the course of a period of
23 time.

24 MR. KANERVA: Right.

1 MR. HULT: I mean, obviously a car doesn't pollute
2 that much in ten minutes. So do you have the
3 background on how you arrived at this calculation from
4 one -- from the test?

5 MR. KANERVA: Yeah. Most of that was discussed at
6 the first hearing. There's a -- first of all, we did
7 emissions testing. We actually tested every car. We
8 didn't do it on the basis of just -- of the cars we
9 collected. We didn't do it on the basis of a computer
10 model estimate, for instance.

11 We actually did an IM-240 emissions exhaust
12 test and collected that information as well as vehicle
13 usage information. There's an equation in our rule
14 that describes exactly how we do that, but then we find
15 out which vehicle they buy as a replacement vehicle and
16 estimates are given for that emissions -- for those
17 emissions, the mileage use is equivalent to what they
18 would have had for the previous vehicle, and the
19 difference is the result. So we --

20 MR. HULT: The usage that you're talking about
21 where you -- you know, the mileage, you just asked them
22 how much they drive or ...

23 MR. KANERVA: Well, we did several things,
24 actually. In the vehicle inspection program they

1 collect odometer information.

2 MR. HULT: That's true.

3 MR. KANERVA: And so for many of the vehicles, we
4 actually had readings out of our system, which is
5 pretty solid information.

6 We also sort of did a survey of these people
7 as well and asked them about their trip -- in fact, we
8 asked about six different questions about vehicle usage
9 in their family and who drove it and how frequently,
10 rather than just, well, how many miles do you think you
11 drive. So we kind of used that as a confirmation to
12 make sure that what we were seeing in the odometer data
13 looks solid.

14 HEARING OFFICER TIPSORD: Let's go to this
15 gentleman.

16 MR. MASALSKI: Mitch Masalski. I'm a car
17 collector. You stated that the vehicles you use for
18 testing were individuals that were approached because
19 their vehicles were being driven on waivers from the
20 EPA, correct?

21 MR. KANERVA: Some of them. Some of them were --
22 they passed, but they had -- they were close to the
23 limit.

24 MR. MASALSKI: The vehicles that the people

1 decided not to participate in your program, were they
2 still able to drive their vehicles on their waiver --

3 MR. KANERVA: Yes.

4 MR. MASALSKI: -- that they already had?

5 MR. KANERVA: Yes. It didn't change their vehicle
6 usability status at all. They just didn't get back to
7 us, so they weren't part of it.

8 MR. MASALSKI: And is there a time limit for this
9 waiver? Do they have to go and keep getting it
10 reissued?

11 MR. KANERVA: Well, the -- I mean, that's all a
12 part of the vehicle testing program. Cars have to be
13 tested now every two years, and so you have to renew
14 your waiver if you're still using a car that was --
15 needs waivers the next time -- the next second two-year
16 period that you do testing.

17 This rule doesn't have anything to do with
18 that necessarily. The vehicle testing part of it
19 happens anyway under different authority. This is
20 simply if somebody decides to do a vehicle scrappage
21 project. For instance, they would not have to utilize
22 any information from our testing program to identify
23 vehicles at all.

24 In some of the scrappage activities done in

1 southern California, people have had call-in numbers,
2 you know, where -- and they've put out public radio
3 announcements. They've put things in the paper. You
4 know, they found lots of different ways to get the
5 message out. And they've said, we're interested in
6 model years '68 to '82, this kind of car, so and so,
7 call this number and, you know, then you can find out
8 the rest of how you would participate if you want to.

9 So -- and this is -- the vehicle scrappage
10 rule we're proposing would allow someone to do that
11 too. They wouldn't have to use our test results to
12 identify vehicles. It's just that's a way to do it and
13 know for sure that you probably have a high emission
14 vehicle.

15 HEARING OFFICER TIPSORD: Ma'am?

16 MS. PODESZWA: Mary Podeszwa, secretary of the
17 Northern Ford Thunder Car Club. I have the results of
18 the pilot project that you did, and one of the things
19 that was done was that you calculated an average
20 mileage for the total cars that were tested. And as
21 anybody knows, an average can be weighted by the one
22 that's driven the most, I guess, and the one that's
23 driven the least.

24 What it didn't have is a mean, and I would

L.A. REPORTING (312) 419-9292

123

1 wonder if you should have calculated perhaps against
2 the mean rather than against an average because I think
3 the average, from what I -- even from your calculations
4 of average vehicles, I think they produce a lot less
5 mileage than is indicated by this study.

6 MR. KANERVA: Well, I mean, for the purposes of
7 that study, I think it made sense to go ahead and
8 calculate it that way. We're not -- this rule doesn't
9 propose doing that. This rule, you have to provide
10 documentation vehicle by vehicle in order to actually
11 get a credit.

12 We didn't -- we didn't offer anybody credit
13 or there wasn't any market system or there wasn't any
14 structure in place for industry or anybody else to
15 actually get some credits out of that pilot program and
16 use them. So, I mean, there was sort of a different --

17 MS. PODESZWA: However --

18 MR. KANERVA: -- point there.

19 MS. PODESZWA: -- the calculation that you're
20 proposing for the credits is basically stated in this
21 project, in the results of this project. Therefore,
22 I'm -- my assumption is that you will be using a

23 calculation very similar, if not identical, to this to
24 create the credits, to ascertain the credits that these

L.A. REPORTING (312) 419-9292

124

1 scrappage programs -- that these scrappage programs
2 will use. And my contention is that the calculations
3 are wrong --

4 HEARING OFFICER TIPSORD: Ma'am --

5 MS. PODESZWA: -- and they're based on --

6 HEARING OFFICER TIPSORD: Excuse me.

7 MS. PODESZWA: -- false assumptions --

8 HEARING OFFICER TIPSORD: Excuse me. I need you
9 to -- you're beginning to testify now, so I'm going to
10 ask that you please be sworn in at this time.

11 MS. PODESZWA: Okay.

12 (Witness sworn.)

13 HEARING OFFICER TIPSORD: Okay. I apologize for
14 interrupting, but we want to make sure --

15 MS. PODESZWA: That's all right.

16 HEARING OFFICER TIPSORD: -- that we get you sworn
17 in.

18 WHEREUPON:

19 MARY PODESZWA,

20 called as a witness herein, having been first duly

21 sworn, was examined and testified as follows:

22 MS. PODESZWA: My contention is that these -- the
23 calculations in these results are based on false
24 assumptions. They're also based on, I believe it is,

L.A. REPORTING (312) 419-9292

125

1 model five of the EPA, and that's been proven to be not
2 very reliable. So I really can't see that this is
3 going to be really a -- is really correct.

4 MR. KANERVA: Well, I mean, all I can say is the
5 rule -- the formula that's in the rule is applied car
6 by car. So they have to have car-specific emission
7 results and they have to have car-specific mileage.

8 The mobile model for the replacement vehicle
9 is an approved model under EPA's regulations. We would
10 use it for all our air-quality planning. We use it to
11 estimate all the other mobile emissions source --
12 emissions. It is the approved -- it's in the EPA's
13 guidance for doing vehicle scrappage programs. So
14 that's what we're essentially required to do basically
15 in terms of modeling. We have to use theirs. I mean,
16 that's the way the national system works. That's the
17 same model that's used in south coast and has been
18 since '93 for their vehicle scrappage activities. We
19 all use the same one.

20 MS. PODESZWA: What is south coast?

21 MR. KANERVA: South Coast Air Quality Management

22 District. It's the Los Angeles area air quality

23 regulator.

24 (Discussion off the record.)

L.A. REPORTING (312) 419-9292

126

1 HEARING OFFICER TIPSORD: Go ahead. Identify

2 yourself, please.

3 MR. HULT: Dennis Hult, several car clubs.

4 Getting back to the math of this, I'd like an

5 explanation on the 207 or whatever that you pulled in

6 here.

7 You went through your own EPA records testing

8 if I'm -- okay. The -- so you're guaranteed that these

9 cars have been tested regularly, that they've been

10 regulated, under waivers, and all that. But then you

11 just -- I want to verify that under the new rule they

12 can do the cattle call for whatever where they just

13 advertise and when these people bring these cars in,

14 you have no records that they've been driven regularly,

15 that they have not just been parked in the backyard

16 without polluting anything, that they -- somebody

17 didn't change the timing or whatever and pollute right

18 there on the spot and, therefore, they get scrappage.

19 Is that what I'm hearing then, that they --

20 you don't have to have a record that they've been
21 driven regularly or over a period of time and
22 polluting?
23 MR. KANERVA: Well, the rule also requires -- and
24 I'm glad you asked this question because I can see why

L.A. REPORTING (312) 419-9292

127

1 the response could be unclear. The rule also requires
2 that they have been registered in the nonattainment
3 area --
4 MR. HULT: What does that mean, "nonattainment"?
5 MR. KANERVA: The six-county area that is not
6 meeting the ozone air quality standard that we're doing
7 all this --
8 MR. HULT: Oh, okay. DuPage, Cook?
9 MR. KANERVA: Yeah. Right.
10 MR. HULT: Okay.
11 MR. KANERVA: That we're doing all this pollution
12 control for.
13 MR. HULT: That are registered in that area or not
14 in that area?
15 MR. KANERVA: Registered in that area. And it
16 also requires that they had been -- that they are in
17 compliance with the vehicle emissions testing program.
18 So in essence, they have to have taken the

19 proper tests they should have and gone through that
20 process on the regular cycle that it's being operated.
21 So there is testing data available on these cars and
22 there will be data to show what their usage was. The
23 only reason we looked at that data ahead of time to
24 help pull in --

L.A. REPORTING (312) 419-9292

128

1 MR. HULT: Right.

2 MR. KANERVA: -- cars to contact as opposed to as
3 you say go to an all -- a bulletin type of general
4 public call was that we felt that was a way to really
5 see that we're getting a lot of high-emissions vehicles
6 and not collect some that weren't just to see what the
7 kind of high emission end of it looked like. It all
8 comes down to the efficiency of collecting cars and
9 what have you, but they still have to have data for
10 each car.

11 MR. HULT: My point or question was then -- I
12 mean, I can't find somebody's car, get it started, make
13 it pollute, take it over, and get, you know, whatever
14 the -- I would have to have been driving it, taking it
15 through the pollution control two or three times or
16 whatever.

17 MR. KANERVA: You have to have a current

18 nonexpired emissions vehicle test and all of that, yes.

19 MR. HULT: Okay.

20 MR. LILLQUIST: Bill Lilliquist, member of
21 several car clubs and former member of several others.
22 My question is regarding the 207 cars that were
23 selected.

24 Do you have an idea of how many or what

L.A. REPORTING (312) 419-9292

129

1 percentage of them were older than 25 years and
2 therefore would have been eligible for antique car
3 plates?

4 MR. KANERVA: We'd have to get the report out and
5 get those numbers specifically. There was a table we
6 need, right?

7 HEARING OFFICER TIPSORD: While the agency is
8 doing that, I do just want to let everyone know that
9 there are now copies of the testimony that was prefiled
10 at the previous hearing. There should be -- four
11 different people testified, so there's four sets of
12 testimony.

13 Well, let me ask a point of clarification. I
14 hear the agency asking this question. When you asked
15 25 years or older, you mean 25 years or older at the
16 time that the program took place or 25 years or older

17 than today?

18 MR. LILLQUIST: At the time they were selected to
19 be used and counted in the calculation.

20 HEARING OFFICER TIPSORD: So '92, '93? What year
21 did you do the testing?

22 MS. SAWYER: The report was put out in '93. We
23 did it in '92. That's when we actually purchased the
24 vehicles.

L.A. REPORTING (312) 419-9292

130

1 HEARING OFFICER TIPSORD: So 25 years before '92.

2 MR. KANERVA: There's a table in the report. Some
3 of you, I know, have this in the audience. Not
4 everybody has it, but on page 9 there's a listing by
5 model year of the vehicles purchased.

6 Going back 25 years from the '92 collection
7 point is actually before -- that would be '67. The
8 first model year that we collected was '68 and it's
9 because our testing program stops at '68. By law, we
10 test from '68 and younger car model years. So at that
11 time there were zero collected that were more than 25
12 years old.

13 HEARING OFFICER TIPSORD: Just for the record,
14 too, that is Exhibit No. 3, the proposal that was filed
15 by the agency.

16 MR. LILLQUIST: This discussion, as I understood,
17 started off from the question that Michael Balogh asked
18 of, you know, what percentage of the targeted
19 vehicles -- or the target vehicles contributed what
20 percentage of the pollution, is it even significant.
21 And you seem to be claiming, well, that it's close to
22 25 percent or something like that.

23 His second question was, would you be willing
24 to exempt antique vehicles that are eligible for

L.A. REPORTING (312) 419-9292

131

1 antique plates 25 years or older given that you don't
2 even have one car in there that's 25 years or older. I
3 mean, I don't know who to ask this question to.

4 Would there -- would you view favorably
5 Mr. Balogh's suggestion that vehicles eligible for
6 antique plates be exempted from the scrappage program
7 since they're not proven pollutants by -- or they're
8 not significant pollutants by this study anyway?

9 MR. KANERVA: If you add the additional time
10 that's gone by, though, if you take -- go back 25 years
11 from now, from 2000 to '75, then you would be getting
12 into a significant number of vehicles that we did
13 collect.

14 We had quite a few in the early '70s time

15 frame, and in testimony at the first hearing, there are
16 still vehicles that we have in our system that are in
17 use, that are in those early '70s time frame. We did
18 not -- Michael Balogh did not make that proposal at the
19 first hearing. I think we just saw that this morning
20 in some -- when we saw -- got here and saw his
21 additional written testimony.

22 I think we'd -- at least we'd be willing to
23 take a look at that and maybe evaluate the information
24 a little bit more. And, again, we just didn't know

L.A. REPORTING (312) 419-9292

132

1 about that until this morning; but if you were to apply
2 that now, it would cut into 40 or 50 of the cars out of
3 a couple hundred that we did collect.

4 MR. LOZINS: My name is Robert Lozins. I'm
5 collector of -- I own 25 collector cars, and I'm in
6 several car clubs. And a little bit towards what this
7 gentleman mentioned about the 25-year eligibility for
8 antique car plates, I think that if there is some --

9 HEARING OFFICER TIPSORD: Could you speak up a
10 little bit? We have some noise.

11 MR. LOZINS: Okay. If there is an exception for
12 antique plate cars, it should also be regular passenger
13 plate cars that are eligible for antique but the owner

14 doesn't want to put antique plates on it because just
15 because they don't have antique plates on them doesn't
16 mean they're not driven often.
17 They could still be driven very rarely. And
18 I'd also like to see something, if possible, put into
19 law where the EPA goes on a rolling system 25-year
20 where when the car becomes 25 years old that it doesn't
21 have to be tested any more because there's very few of
22 them on the road and the ones that are out there are
23 mostly in collector hands and they're well taken care
24 of. And it's also been proven that there's not that

L.A. REPORTING (312) 419-9292

133

1 much benefit to the air quality in testing those.

2 MR. IEVINS: I second that.

3 MR. KANERVA: I'd like to have Jim Matheny respond
4 to that because what you're getting -- what you've
5 moved into there, if I understood your point correctly,
6 was actually some of the testing requirements that we
7 were applying to older vehicles as well. And
8 Mr. Matheny works in the vehicle emissions testing
9 program as the technical service manager to comment on
10 how we deal with collector cars now.

11 The 1968 target date to then start requiring
12 testing for that model year and younger is in the

13 statute for the vehicle emissions testing law. So
14 that's not something that we can change, nor is that a
15 subject of this particular rulemaking.

16 MR. LOZINS: Well, California has gone to a
17 25 rolling system also. And I know '67 and older now
18 don't have to be --

19 HEARING OFFICER TIPSORD: Excuse me. I'm going to
20 ask that you be sworn now because you are beginning to
21 give testimony and talking about some information that
22 may not be in the record.

23 (Witness sworn.)

24 WHEREUPON:

L.A. REPORTING (312) 419-9292

134

1 ROBERT LOZINS,
2 called as a witness herein, having been first duly
3 sworn, was examined and testified as follows:

4 MR. MATHENY: If I can comment, my name is Jim
5 Matheny. I'm the manager of technical services for the
6 vehicle emission test program.

7 Our statute does establish the model year
8 cutoff at '68. Currently, there is no rolling age
9 limit as you indicate. You're correct that several
10 states do use that approach. Currently our laws do not
11 provide for that.

12 Although, we do have specific exemptions for
13 vehicles with antique plates, and there are exemptions
14 available for, as I'm sure many of you are aware,
15 vehicles that are used exclusively for show, racing,
16 and other purposes. We do have a -- we call it a
17 collector-car exemption that is available to the extent
18 that vehicle is -- you know, the use of that vehicle is
19 restricted to those purposes. And I guess that's it.
20 HEARING OFFICER TIPSORD: Did you have a question?
21 MR. HULT: Yeah. Dennis Hult. Just another
22 question concerning the scrappage program where you got
23 the 207 cars. Let's say you didn't have the scrappage
24 program. I would be speculating, but if these cars

L.A. REPORTING (312) 419-9292

135

1 that are not under -- in compliance with the thing,
2 eventually what happens? Don't their plates get
3 revoked and pulled and therefore they're off the road
4 anyway?
5 MR. KANERVA: No. The vehicles that we tested
6 were not vehicles that were violating the emissions
7 testing law. They had gone through testing and the
8 repair cycle and the things you have to do to get a
9 waiver, which is the legal thing to do. People can
10 continue to use their car, as you know, or they were

11 within 25 percent of the standard that causes you to
12 then pass or fail. In other words, they were getting
13 close to the fail point, but they still passed their
14 test. So we -- these were legally --

15 MR. HULT: Some were legal -- well, they were
16 legal, but if they went another X number of months,
17 wouldn't they become illegal then because they didn't
18 pass? I mean, the waiver doesn't last forever either,
19 does it?

20 MR. KANERVA: Well, they would have had to come
21 back in for the next round of testing like any other
22 vehicle would have.

23 MR. HULT: I mean, I guess my point is at some
24 point if they don't pass, the plate -- they can't be

L.A. REPORTING (312) 419-9292

136

1 licensed in the state of Illinois or at least in the
2 six-county area.

3 MR. KANERVA: Well, but if they had -- if the ones
4 that were -- that passed and didn't exceed the limit, a
5 year later -- if we hadn't collected them a year later,
6 they had gone past the fail point, they were worse,
7 they would have had to go back, show proof of repair,
8 et cetera.

9 MR. HULT: Right.

10 MR. KANERVA: But they would have been able to get
11 a waiver and continue to be used. And, in fact, that
12 does happen. And they just keep right on in use.

13 MR. HULT: There's no stopping point?

14 MR. KANERVA: There's nothing that says you can
15 only get six waivers and then your car is hauled off to
16 the bad car farm, you know.

17 MR. HULT: Well, or at least the plates are pulled
18 and you got to do something before you can bring it
19 back on the road. Maybe that's something that they
20 should look at other than scrappage is, hey, let's --

21 HEARING OFFICER TIPSORD: You just went into
22 testimony. I'm going to ask that you be sworn in.

23 (Witness sworn.)

24 WHEREUPON:

L.A. REPORTING (312) 419-9292

137

1 DENNIS HULT,
2 called as a witness herein, having been first duly
3 sworn, was examined and testified as follows:

4 HEARING OFFICER TIPSORD: Thank you.

5 Okay. Let's go to the back of the room. We
6 have someone new.

7 MR. URBASZEWSKI: My name is Brian Urbaszewski.
8 I'm the director of the environmental and health policy

9 for the Lung Association of Chicago.

10 The gentleman up front raised numerous points
11 about how mileage is calculated to calculate the CERs.
12 And even though the language that was proposed in the
13 agency's -- additional language that was put into
14 testimony today, I'm still unclear what the language
15 based on the recent usage or mileage calculated on
16 the -- based on the recent usage means.

17 I understand that you can calculate the
18 average mileage of a car over a lifetime, maybe 20
19 years, or you can compress the time over which you
20 measure the mileage and say take only the last year or
21 the last three years or the last five years; but I
22 understand that as cars get older, they are driven
23 less, and I'm wondering what criteria is the agency
24 using to say -- what is recent usage? Is it three

L.A. REPORTING (312) 419-9292

138

1 years? Is it one year? Is it five years or something
2 other than that?

3 MR. KANERVA: The reason for putting that in there
4 is in the discussions at the last hearing, it seemed
5 like there was -- the first part of your point, that
6 people were envisioning that somehow a scrapper would
7 come up with estimates for use over the last five years

8 and try and pull in higher-use years to maybe makeup
9 for lower-use years in the last year, for instance, or
10 the last two years, that that isn't the way we would
11 anticipate that happening; but to avoid that sort of
12 skewing of the results, we felt it made sense to go
13 ahead and put recent in there so you wouldn't be taking
14 ancient history and trying to bring it into the
15 calculation.

16 MR. MOODY: How long is recent?

17 MR. KANERVA: Some of the --

18 HEARING OFFICER TIPSORD: Excuse me, Mr. Kanerva.

19 I need you to identify yourself. And please
20 remember you have to identify yourself before you ask a
21 question.

22 MR. MOODY: My name is Roy Moody, and I just have
23 an interest in the general trends that I see developing
24 here towards scrappage of these vehicles. I just came

L.A. REPORTING (312) 419-9292

139

1 down as an interested taxpayer.

2 HEARING OFFICER TIPSORD: Thank you.

3 I'm sorry, Mr. Kanerva. Go ahead.

4 MR. KANERVA: Well, anyway, that was my basic
5 point, was we felt that that answered the question
6 about taking age data. But the program --

7 MR. MOODY: How long is recent?

8 MR. KANERVA: Yeah.

9 MR. MOODY: That's the question.

10 HEARING OFFICER TIPSORD: Could you please let him
11 finish before you ask your questions? Okay.

12 MR. KANERVA: The easiest answer is the last
13 period for which there is available emissions test
14 data. Okay? The program shifted from an annual
15 testing program to a biennial testing several years
16 ago. So it's basically on a two-year cycle now.
17 That's why we didn't just say annual.

18 MR. MOODY: Thank you.

19 HEARING OFFICER TIPSORD: Let's let the Lung
20 Association do the follow-up.

21 MR. URBASZEWSKI: I have a follow-up question.
22 For older cars, is there a longer test time frame, or
23 are they also under that two-year biennial cycle?

24 MR. MATHENY: All vehicles are tested under the

L.A. REPORTING (312) 419-9292

140

1 biennial two-year cycle. There's no differentiation.

2 MR. KANERVA: Yeah. The only adjustment for model
3 year of car is the newer cars have a period in which
4 they don't have to be tested until they're four years
5 old.

6 MR. MATHENY: Four years old.

7 MR. KANERVA: But once they hit that point,
8 everyone's on the same test cycle.

9 HEARING OFFICER TIPSORD: The gentleman in the
10 blue jacket.

11 MR. MacKAY: Charles MacKay, member of a couple of
12 car clubs, concerned taxpayer. I still don't have an
13 answer to recent -- don't have an answer to time
14 period.

15 Can we get away from these vague terms and
16 put something in there specific like six months, 12
17 months, 24 months, 48 months? Can we be specific about
18 this instead of messing around with smoke and mirrors?

19 MR. KANERVA: Well, I think the -- our intention
20 was to show that it was not old information. We'll
21 take a second look at that and see if there's anything
22 more specific that we can provide; but I think we
23 responded to the first concerns we heard, and now
24 you're expressing some others. So we'll give it some

L.A. REPORTING (312) 419-9292

141

1 thought.

2 MS. PODESZWA: Mary Podeszwa from Northern Ford
3 Thunder Car Club.

4 I know we've been talking about cars and

5 everything, but one of the things that I heard in some
6 of the earlier testimony was a lot of things about
7 documentation and recordkeeping and all these other
8 kinds of things. Who is going to do this? Who is
9 going to pay for the people that are -- because I'm
10 seeing a bureaucracy here, a fairly large one.

11 If these scrappage programs grow really
12 large, I'm seeing a fairly large bureaucracy.
13 Somebody's got to take care of all this stuff.
14 Somebody has to have a place to put all this stuff. So
15 who's going to pay for it and what is it going to cost
16 and has this been factored into the cost of doing these
17 programs? Is it cost-effective?

18 MR. KANERVA: The anticipation here is that most
19 of this activity will be done by private parties, that
20 in the south coast experience there have been about
21 18 people that were licensed to be vehicle -- to do
22 vehicle scrappage work and they're all private
23 entities. They were industries, scrapping companies,
24 or other folks that were kind of acting as brokers, if

L.A. REPORTING (312) 419-9292

142

1 you will, of collecting the vehicle and then having an
2 arrangement with a scrapping company to carry out the
3 rest of the work.

4 So the rule sets it up that someone has to
5 officially come in with a plan, be a vehicle scrappage
6 sponsor, if you will, and have a manager to run the
7 project that's been through training. And those would
8 be some sort of private entities. Okay? And their
9 costs are part of -- are covered in what they expect to
10 get in terms of marketing the credits. I mean, that's
11 all part of designing the economics of a project. It
12 would not be a government expense to run their project.

13 HEARING OFFICER TIPSORD: Go ahead.

14 MS. PODESZWA: That was really not my question.
15 My question was -- is that these people who are doing
16 these scrappage programs, whether they run their own
17 programs or not, have to report this information
18 somewhere, and this information has to be documented?
19 You're talking about Internet communications. You're
20 talking about holding on to pictures and all -- and
21 proving that they've complied with this regulation in
22 order to get these credits. Someone in the government
23 is going to be in charge of this. There's going to be
24 someone who's going to be keeping those records.

L.A. REPORTING (312) 419-9292

143

1 MR. KANERVA: Right.

2 MS. PODESZWA: Has this cost been factored into

3 the cost --

4 MR. KANERVA: Yes.

5 MS. PODESZWA: -- of this?

6 HEARING OFFICER TIPSORD: Yes.

7 MS. PODESZWA: And how much is it going to cost

8 and how much are the taxpayers going to pay for it?

9 MR. KANERVA: Well, we didn't propose any sort of

10 additional funding as a part of the agency's budget for

11 this. The rule has some very modest fees in it to

12 cover maybe just some of the basic kinds of expenses

13 that might be involved, but we're out doing

14 inspections. We're out in this area with field people

15 all the time anyway.

16 It's -- we don't expect there to be 200

17 licensed scrappers in the Chicago area. There's not

18 enough activity for that. If anything, there may be a

19 few people that decide to try this approach. As we've

20 indicated, it's sort of a secondary supporting kind of

21 thing, and that's something we can manage with

22 available people. The scrappage plans, again, it's not

23 like industry had to be permitted every time they

24 change their industrial process. A scrappage plan

L.A. REPORTING (312) 419-9292

1 would be filed -- if there's a few files in any one

2 year, that will not be that difficult to deal with.

3 If there were hundreds of these, that would
4 be a different issue; but there's been no indication,
5 no experience in south coast, for instance, that you
6 would get flooded with these things and have to hire
7 ten more people to deal with them. It's just -- that's
8 not the way it works.

9 HEARING OFFICER TIPSORD: A question over there?

10 MR. BELLER: Yes. I was -- Jordan Beller, person
11 who breathes. I'm concerned about the bureaucratic
12 second-level monitoring of performance of private
13 parties, but I'm also concerned about the fact that if
14 you're saying, you know, there will be very few people
15 doing this and very little activity in this area, is
16 this agency actually doing an effective thing to
17 monitor air pollution or change air pollution.

18 In other words, have you reexamined from your
19 study and from what's happening here today with people
20 interested in automobiles the validity of the plan in
21 solving the basic problem with pollution. And you also
22 mentioned just a moment ago about polluting, smoke
23 stack industries not requiring a permit to change their
24 pollution or something to that effect, or I misheard

1 it. Either they are and they do. And if they're a
2 municipality, they'd have to go through that too.
3 Wouldn't it be simpler to drop all this and just get
4 them to stop the polluting directly?

5 MR. KANERVA: What I said was this is not like the
6 permit program where industry has to get permits when
7 they change things. I'm not saying industry doesn't
8 have to. They do have to.

9 MR. BELLER: Oh, I misheard.

10 MR. KANERVA: In this program, you don't have all
11 of those kinds of things going on. This is not the
12 state's implementation plan for clean air compliance.
13 There's a whole separate plan that the agency has had
14 to file, a whole separate set of reductions and
15 requirements on many kinds of sources in the Chicago
16 area that go far beyond what we're looking at just
17 here.

18 We talked already about the Emissions
19 Reduction Market System. That's another kind of
20 volatile organic emissions reduction requirement that's
21 going into effect and starts operation in May of this
22 year. It requires a 12 percent reduction of 182
23 different kinds of industrial sources in the Chicago
24 area in addition to other kinds of technology

1 reductions they've been making in the past. There's
2 other federal requirements for vehicles. This is
3 another piece of a great big puzzle of air quality or
4 program of air quality requirements. It's -- we're not
5 relying on this alone to get us to the ozone attainment
6 level at all.

7 MR. IEVINS: My name is Erik Ievins. I'm a
8 concerned citizen as well. You just mentioned the
9 implementation programs, the reduction on pretty much
10 everybody's accountability.

11 Is that also being taken care of with
12 pollution credit trading as has been in the past in
13 other places as far as the big smoke stack industries
14 either reducing their own load or purchasing credits so
15 that they wouldn't have to reduce their loads?

16 MR. KANERVA: That's what that other market system
17 does, right?

18 MR. HULT: Dennis Hult. Just a couple quick
19 questions.

20 Assuming this goes into effect and you've got
21 some people that are doing the scrapping, a car comes
22 into their care -- or into their ownership, shall we
23 say -- I guess -- is that a fair statement that --

24 MR. KANERVA: Right.

1 MR. HULT: -- they buy it?

2 MR. KANERVA: Yes.

3 MR. HULT: Is there any guidelines or rules, one,
4 that they don't stack them or, you know, typical
5 wrecking yard type of thing where they just pile them?
6 Because many of the collector cars, what you want is
7 the fender or the -- you know, the interior or the
8 glass. And the minute you stack them or whatever,
9 you've just destroyed half the value right there
10 because now you've ruined the body.

11 And, two, if they own the car and they post
12 these Internet things, are there any guidelines as
13 to -- to selling them? In other words, if they think
14 they've got something they want \$20,000 now for even
15 though they were able to purchase it for 700 or
16 whatever the thing is? I mean, I'd like to --
17 something where if you're -- okay. You're part of this
18 thing. You got it because of these rules. Now you
19 have to share the wealth with people that just want to
20 come in and have the parts for themselves.

21 MR. KANERVA: Yeah. Well, a couple of
22 observations from our contacts with the south coast
23 scrapping program managers, first of all, they said it
24 wasn't very long in the operation of their program

1 until -- let me back up. They have a hotline system
2 kind of like we're thinking this Internet business, but
3 you can call in, and you know exactly which cars got
4 collected in the last week or two. And they update
5 that and regularly move it along. So they regularly
6 monitor, knowing what it is that's been collected.

7 It became obvious very quickly that anything
8 with real collector value was just being pulled aside
9 and handled completely differently by these scrappers
10 than just a regular old beater car that was pretty
11 rusted up and whatever and probably wasn't going to be
12 of much interest to people.

13 That doesn't mean they would identify every
14 single part on every single car, but those have so much
15 more value than the regular run of the mill car that
16 that was recognized and they were pulled aside. Some
17 of those aren't even scrapped. They're essentially
18 sold again to somebody else.

19 MR. HULT: As a whole car?

20 MR. KANERVA: As a whole car --

21 MR. HULT: And that's legal?

22 MR. KANERVA: -- or significant parts -- parting
23 of the car because somebody's been looking for four
24 doors like that for a long time or whatever. So I

1 don't know. It just -- their representation to us was
2 once this kind of process starts, that kind of -- that
3 either vehicle or part of a vehicle value system pushes
4 it a whole different direction.

5 Whether or not they stack them all up or
6 whatever your other point was there, again, I think
7 it's their recognition of the value of some of these
8 parts that drives that. If they've got it buried
9 somewhere in a pile where you can't see it, it doesn't
10 do you much good. So I -- or them. I mean, they're
11 out to make some money.

12 MR. HULT: Well, but it's already done them good
13 because, I mean, if it's a junker, they're getting the
14 \$700 or whatever. I mean, you've already put the
15 profit in the system. For them, it doesn't matter. If
16 somebody could use a \$50 part, they don't care. They
17 got their initial price is what I'm -- do you follow
18 what I'm saying? So who cares about the extra 50 or
19 100 or \$200 type of thing?

20 MR. KANERVA: I don't think in a rule we could in
21 any way --

22 MR. HULT: I'm just saying you can't stack them,
23 you'd make that part of the rule. You just can't take

24 the car and just dump it on its side or, you know, put

L.A. REPORTING (312) 419-9292

150

1 five cars on top of it for that period of time. You
2 have to store them -- well, Chicago, when they haul the
3 vehicle away, they can't stack it.

4 They can't -- you know, for a -- type of
5 thing. If it's impounded, yeah, it's impounded, but
6 you just can't -- it's not yours to do what you want
7 with it until it's ready to be crushed after the
8 waiting period, and I would like to think that needs to
9 be reviewed a little bit longer. Twenty-one days is
10 not a lot of time.

11 HEARING OFFICER TIPSORD: Let's go back to the
12 back, please.

13 MR. MacKAY: Charles MacKay again.

14 I think this -- we're getting into some
15 really specific details here over stacking cars in
16 wrecking yards and so on and so forth, and I think
17 you're way ahead of the game there.

18 HEARING OFFICER TIPSORD: Okay. Excuse me,
19 Mr. MacKay. Have you been sworn? I don't think I had
20 you sworn in, and you're offering testimony at this
21 point.

22 MR. MacKAY: Oh, I am?

23 HEARING OFFICER TIPSORD: Yes. So can we have you
24 sworn in?

L.A. REPORTING (312) 419-9292

151

1 MR. MacKAY: Okay.

2 (Witness sworn.)

3 WHEREUPON:

4 CHARLES MacKAY,

5 called as a witness herein, having been first duly

6 sworn, was examined and testified as follows:

7 MR. MacKAY: Okay. Back to details. I agree with

8 this gentleman up here. I am concerned about the

9 preservation of collector cars. And this gentleman up

10 here says, well, we're not going to junk collector

11 cars. Yeah, well, who's going to determine what's a

12 collector car and what isn't? Today's junker is

13 tomorrow's collector car.

14 Mr. Moody could have bought all the Ferraris

15 years ago that were junker cars and are collectible

16 today. He would own this building. He would own 20

17 acres of downtown Loop and -- the junkers have become

18 collectors. So you can't get into specifics over, oh,

19 we're only going to junk junker cars.

20 His junker car is my collector car; be it a

21 polluter or a nonpolluter, who's going to make that

22 determination? Why should it be determined? Why
23 should the EPA be proposing to junk cars to bring down
24 pollution of smoke stack industry? Automobiles have

L.A. REPORTING (312) 419-9292

152

1 come a long way in the last ten or 15 years in reducing
2 pollution.

3 We've got more pollution stuff on our cars
4 now than Carter's got pills. If industry had done the
5 same, I'd venture to guess that we wouldn't have these
6 polluting hot spots scattered around the six-county
7 area around Chicago, St. Louis, Springfield, wherever
8 they are. Why don't you let the car people look after
9 their pollution and the industry look after their
10 pollution? You're mixing apples and oranges and you're
11 getting fruit cup.

12 HEARING OFFICER TIPSORD: Do you have any response
13 to that?

14 MR. KANERVA: (Shaking head.)

15 MR. MacKAY: I'd also like to have one follow-up
16 question as well at this time. You said that this was
17 an agency proposal to scrap cars for credits for smoke
18 stack industries. The agency made this proposal or who
19 made the proposal? Who made the suggestion to the
20 agency to make this proposal?

21 HEARING OFFICER TIPSORD: Actually, I would just
22 like to note at this point in time that the agency
23 submitted a proposal to the Board, but the legislature
24 directed the agency to place the submission before the

L.A. REPORTING (312) 419-9292

153

1 Board and directed the Board to adopt the rules within
2 a set time frame. So this --

3 MR. MacKAY: So the legislature --

4 HEARING OFFICER TIPSORD: -- is a legislative
5 mandate.

6 MR. MacKAY: -- asked the agency to make a
7 proposal?

8 HEARING OFFICER TIPSORD: Excuse me. Let me --
9 yes. That's correct. But you need to be sure and let
10 me finish before you start --

11 MR. MacKAY: Okay.

12 HEARING OFFICER TIPSORD: -- speaking, okay? Our
13 court reporter can't get us both, okay?

14 Yes. The legislature passed a bill requiring
15 the agency to submit this proposal.

16 MR. KANERVA: 1995.

17 HEARING OFFICER TIPSORD: In 1995.

18 MR. MacKAY: Bill number?

19 MS. SAWYER: I don't know the bill number.

20 HEARING OFFICER TIPSORD: We will check on that.

21 MR. KANERVA: We'll just write down the

22 legislative cite and give it to you.

23 HEARING OFFICER TIPSORD: Yeah. The cite to the

24 Illinois Compiled Statutes is 625 ILCS 5/13B, as in

L.A. REPORTING (312) 419-9292

154

1 boy, dash, 30(d).

2 MS. SAWYER: I'll write it down.

3 MS. PODESZWA: Can you run that through again,

4 please?

5 HEARING OFFICER TIPSORD: Sure.

6 MS. PODESZWA: Slowly.

7 HEARING OFFICER TIPSORD: 625 ILCS 5/13, capital

8 B, as in boy, dash, 30, paren, small d, as in David,

9 closed paren.

10 MR. KITOWSKI: Once again, I'm Nick Kitowski, the

11 president of the Chicago Gearhead Car Clubs.

12 A couple things. I echo this gentleman's

13 last comments; but let's say that this were to fly --

14 and I don't believe it will -- these private scrappers,

15 they're going to be the only game in town.

16 What's going to regulate them for the door I

17 need to finish my project car asking a thousand dollars

18 or \$10,000 for the door? How would you regulate that?

19 How would you stipulate that they couldn't
20 ask a terribly high price for a part that we may need
21 to finish a car or project? In other words, what I'm
22 saying, the part is available, but it's out of reach
23 because of an unrealistic price.
24 MR. KANERVA: This rule doesn't have anything to

L.A. REPORTING (312) 419-9292

155

1 do with the economics of how scrap parts or salvage
2 parts are marketed to people or whatever. How do you
3 deal with prices now from salvage parts at industry?
4 We don't regulate that in any way.
5 MR. KITOWSKI: You're saying that private people
6 can enjoy the scrap yard benefit. These private people
7 will be the only people in town that your agency allows
8 to harvest these cars and part-out to us, the
9 collector. What stops them in my last example making
10 it prices we can't afford for parts?
11 MR. KANERVA: It doesn't do them much good if
12 they're in the business of selling parts to price them
13 at a price that nobody will pay for. They've got a lot
14 of parts that aren't doing them any good. That's a
15 market decision. That's no different than whether you
16 go out and try and find a private person somewhere or
17 by word of mouth you find --

18 MR. KITOWSKI: Well, maybe it should be
19 regulated --
20 MR. KANERVA: -- a different part --
21 HEARING OFFICER TIPSORD: Excuse me. Once again,
22 you cannot talk over one another. The court reporter
23 cannot get your statement when Mr. Kanerva is talking.
24 So please let him finish.

L.A. REPORTING (312) 419-9292

156

1 MR. KANERVA: I'm done.
2 MR. KITOWSKI: And I had a second question. The
3 funding for the agency, dollars and cents at present or
4 start-up money, how much was it?
5 MR. KANERVA: Funding for --
6 MR. KITOWSKI: For your agency for this program.
7 You referred to it earlier on, about the agency had
8 funds. How much in dollars and cents were those?
9 MR. KANERVA: To do this project?
10 MR. KITOWSKI: (Nodding.)
11 MR. KANERVA: Yeah. The -- well, let's see.
12 There's a table in here in terms of the cost. The
13 total cost of the project was about \$330,000, about a
14 hundred thousand of that was actually to collect the
15 cars.
16 MR. KITOWSKI: Did this equal \$330,000?

17 HEARING OFFICER TIPSORD: You'll have to
18 explain -- for the record, you have to tell them what
19 you're holding up.

20 MR. KITOWSKI: For the record, the exhibit that
21 was submitted earlier. Is this \$330,000 of research?

22 HEARING OFFICER TIPSORD: Exhibit No. 3.

23 MR. KANERVA: For the 43.6 tons of emissions
24 reductions reflected in this report with all the data

L.A. REPORTING (312) 419-9292

157

1 that supported it, all the test results, the report was
2 reviewed and considered by U.S. EPA, peer-reviewed by
3 many other folks that looked at how we did the project.
4 That's a one-page summary trying to give some response
5 to a question that was asked at a hearing. This is the
6 project report and the documentation of the results
7 from the scrapping program.

8 HEARING OFFICER TIPSORD: Mr. Kanerva, I'd like to
9 ask a follow-up. The \$330,000, was this not also a
10 corporate cosponsorship -- this was not \$330,000 state
11 money?

12 MR. KANERVA: That's correct.

13 MR. BELLER: Jordan Beller. As the time goes by
14 and questions came up about assessing what will in the
15 future be a collector car, wouldn't you anticipate that

16 there would be a greater number of vehicles required
17 for scrappage in order to meet the pollution
18 requirements for a smoke stack?
19 So in other words, if we had to get 2,000
20 into the system this year, as time goes by and
21 emissions are lower on the failure vehicles, a greater
22 number of vehicles would be scrapped. And as that goes
23 on and on and on and the emissions requirements drop
24 and drop and drop, a larger and larger number of

L.A. REPORTING (312) 419-9292

158

1 vehicles are scrapped. And if that's the case, your
2 point is well taken about the value of your door
3 because the door becomes less accessible in places that
4 don't handle governmentally scrapped vehicles.
5 So this thing becomes, in my mind, a
6 self-fulfilling prophecy where greater numbers of
7 private industry are put out of business because
8 scrappage vehicles become the preferred and so on. In
9 other words, you're making a bureaucratic intervention
10 to private industry, in my mind, in the future that is
11 scary, not to mention the fact that you have to monitor
12 more and more of these failed vehicles that are
13 probably putting out next to nothing in pollution, say,
14 ten years from now when our dirty smoke stacks are our

15 dirty smokes are our dirty smoke stacks.

16 HEARING OFFICER TIPSORD: All right. I'm going to
17 ask -- have I had you sworn before?

18 MR. BELLER: No. I'd like to be, though.

19 HEARING OFFICER TIPSORD: I'm going to ask that
20 you be sworn in now.

21 (Witness sworn.)

22 WHEREUPON:

23 JORDAN BELLER,

24 called as a witness herein, having been first duly

L.A. REPORTING (312) 419-9292

159

1 sworn, was examined and testified as follows:

2 MR. KANERVA: Let me -- I'd like to respond to
3 that, if I might. There may be a misconception here,
4 and I hope people -- I hope it can be made clear that
5 scrapping of vehicles is -- was never intended and I
6 doubt will ever be the sole source of reductions in the
7 nonattainment area to account for what industry's
8 contribution towards clean air would be.

9 Industry has a requirement to reduce on it
10 already. There is an emissions market system in place
11 that was a set of regulations adopted by this very
12 Board a year and a half -- two years ago almost now.
13 There's trading that will occur between industries, is

14 the question that was asked earlier. There will be
15 exchanges of trading units between those industries on
16 the basis of what they see as the most -- the best cost
17 option for them.

18 As I testified at the start of today's
19 hearing, the current -- or the posting by one of the
20 brokerage services that does environmental markets
21 shows about \$2100 per ton of emissions reductions as
22 the current estimated value of those trading units from
23 the industrial sources themselves, okay? If those
24 have -- are less expensive than car credits, they're

L.A. REPORTING (312) 419-9292

160

1 going to buy those.

2 They're going to have reduction exchanges
3 between themselves as industry because that's less
4 expensive than the car scrapping. At some point it may
5 switch the other way. I mean, the economics of all
6 this will work themselves out over time, but there are
7 going to be reductions happening by industry and
8 trading among them that will have nothing to do with
9 the car scrapping part of it.

10 It's just another option that's available
11 there if for some reason that's what people would
12 prefer to do. In California some folks have gone that

13 route rather than trade with each other, but there will
14 be many, many reductions on the part of industry.
15 MR. BELLER: I believe therein lies our concern.
16 The fact that we predict the future in any case and
17 allowing this to start up at all is what I'm opposed
18 to. This is an unacceptable thing to me to start with,
19 but it becomes more unacceptable when I don't know what
20 will happen within industry's level of trading credits
21 and how that might affect the automobile and truck
22 scrappage because I have no control over that.
23 And industry being as large and as difficult
24 to change as it is, I'd rather deal with government.

L.A. REPORTING (312) 419-9292

161

1 And I'd rather get the sympathy of my fellow breathers
2 and make them understand how serious a problem I
3 perceive this to be than to wait until later when it's
4 out of control and we have lost who knows what in the
5 way of our ability to deal with this and have made a
6 mistake.
7 I think government's notorious for looking at
8 problems and not addressing all the concerns of all the
9 involved. I understand -- and I know the question came
10 up about the source of the bill. I understand why
11 industry would like this. I guess I'm sitting here

12 failing to understand why any of us would like this.

13 HEARING OFFICER TIPSORD: Okay. Ladies and
14 gentlemen, I just want to make a point here. A lot of
15 the questions are veering off into testimony, and we
16 want to give all of you a chance to be heard. But we
17 really want to give you a chance to be heard and so
18 what I'm going to ask is if you have a question, please
19 ask the question and only the question.

20 When you -- give you plenty of opportunity
21 for comment, but there's no -- there's really no point
22 in keeping the agency up here to have a dialogue when
23 you all will have your opportunity to testify as well.
24 So please just ask your questions. Okay?

L.A. REPORTING (312) 419-9292

162

1 MS. PODESZWA: Mary Podeszwa, Northern Ford
2 Thunder Car Club. My question has to do with your
3 proposing this -- these scrappage programs. In
4 realistic terms, how many cars did you expect to be
5 handled by these scrappage programs in, let's say, a
6 year after the regulation goes into effect?

7 MR. KANERVA: I don't have a firm number for that.
8 There's no way for us to know, sitting here right now,
9 exactly how the marketplace will want to handle that.
10 This is a --

11 MS. PODESZWA: Do you have any -- you talked to
12 182 industries that you cited in here that are standard
13 stationary polluters. How many of those industries
14 expressed interest at all in running such a program?

15 MR. KANERVA: Well, we can't speak for the
16 industries that are in the market system. There may be
17 some testimony today from industry, and you can ask
18 that question of them, I guess; but when we did the
19 project, there was extensive industry interest in that.
20 There was also participation by a national
21 environmental group.

22 The environmental defense fund was a
23 codesigner of the project itself and worked with us on
24 the project, and the conclusion was pretty clear from

L.A. REPORTING (312) 419-9292

163

1 that work at least to the extent that we had
2 information at that point in time that this was a
3 viable way to proceed. And it has worked out to the
4 effect that 25,000 cars that have been scrapped in the
5 south coast over a second-year period. Now, is that --
6 could they have predicted that in 1993 when they
7 adopted their regulation? I don't know.

8 MS. PODESZWA: Let's see. It's 25,000 cars.
9 That's over the last seven years?

10 MR. KANERVA: Mm-hmm. That was in our testimony
11 in the first hearing.

12 MS. PODESZWA: That's an average of 3,000 cars a
13 year, and that doesn't sound like -- I mean, it doesn't
14 sound like a very lot -- a big amount of cars. I
15 cannot see how even that many cars could have affected
16 the level of pollution even minutely. I really don't
17 think that there's any value with that.

18 Seven years and 25,000 cars is nothing.
19 There are hundreds of thousands of cars that get
20 voluntarily retired off the road every year in this
21 country. This will border between question and
22 comment. So I'm ready to swear and be sworn in.

23 HEARING OFFICER TIPSORD: All right. Go ahead and
24 swear him in.

L.A. REPORTING (312) 419-9292

164

1 Your name, please?

2 MR. LILLIQUIST: Bill Lilliquist.

3 (Witness sworn.)

4 WHEREUPON:

5 B I L L L I L L I Q U I S T,

6 called as a witness herein, having been first duly

7 sworn, was examined and testified as follows:

8 MR. LILLIQUIST: My question sort of relates to

9 the viability of the whole idea in the first place.
10 And one of your comments was, well, this is just one of
11 many things that we're doing to clean up the
12 environment. But if it's a bad idea, it's still a bad
13 idea, even if you have other things that you're doing.
14 If there was a community that had a graffiti
15 problem -- and there are -- and let's say one of the
16 main sources of the graffiti problem was on the sides
17 of the school buildings and playgrounds, if that school
18 had a program where the violators could get credits by
19 taking a sponge and washing penciled graffiti off the
20 bathroom walls and in exchange they were given
21 permission to paint the big graffiti on the side of the
22 school, wouldn't that community still have a graffiti
23 problem and wouldn't this idea be obscene and illogical
24 that you actually give somebody credit for doing some

L.A. REPORTING (312) 419-9292

165

1 piddly thing so that they can continue to pollute in
2 some major way and it's just blatant the graffiti's
3 there for everybody to see and you allow it, you
4 encourage it?
5 MR. KANERVA: Well, I mean, you've made a very --
6 a general kind of question there. These credits on one
7 hand and major pollution on the other. I don't know

8 what your definition of major is, but the credits are a
9 specific amount of tons usable in a specific time
10 frame, and they're exchanged on that exact basis.

11 They don't get to pollute more because they
12 bought a credit. They get the exact amount of
13 exchange, okay? Their reduction has to be -- their
14 nonreduction has to be exactly equivalent to whatever
15 credit they got or they're in violation.

16 MS. SAWYER: For instance, if they have to reduce
17 by 12 tons and they get one ton from scrappage, they
18 still have to reduce by an additional 11 tons.

19 MR. LILLIQUIST: Do I have the correct
20 understanding that this is a way cheaper solution for
21 them than if they addressed their own problem head on?
22 Is that not true?

23 MR. KANERVA: It may or may not be, depending
24 on --

L.A. REPORTING (312) 419-9292

166

1 MR. LILLIQUIST: Come on.

2 UNIDENTIFIED AUDIENCE MEMBER: Oh, come on.

3 HEARING OFFICER TIPSORD: Please. Let's maintain
4 order, okay? Let Mr. Kanerva answer the question.

5 MR. KANERVA: The current market value for
6 emissions reductions trading units among -- from the

7 industrial side of the market system is \$2100 a ton.
8 In fact, it may have gone down just slightly; but we
9 didn't have that number, so we didn't present it today.
10 But -- and the experience in south coast were expenses
11 over time are somewhat higher because their program has
12 gone to even more extremes.

13 If anyone has read about the adventure with
14 barbecues and everything else out there, the average
15 cost per ton for volatile organic emission reductions
16 out there from scrappage is over \$5,000 a ton.

17 Now, some industries are still purchasing it
18 because they allow -- they also use those credits for
19 ride-share compliance purposes in addition to
20 industrial purposes. And they have proven to be
21 marketable; but at \$2100 versus 5,000, maybe they are
22 or are not able to make a trade with somebody.

23 That might be a reason they would go ahead
24 and do scrappage. There are a lot of different

L.A. REPORTING (312) 419-9292

167

1 decision factors that go into whether industries would
2 or would not choose scrappage versus trading with
3 somebody versus just applying their own controls to
4 reduce. It's going to be a compliance kind of economic
5 decision for each one. That's what a market system

6 does.

7 MR. BELLER: Are these scrappage credits
8 annualized or in any way limited in their usefulness
9 over a period of time and are the credits available
10 from industry to industry in any way limited on when
11 they can be applied?

12 I'm concerned about the possibility that
13 automobile scrappage would be able to be spread over a
14 period of time. You buy them here; you bank them; and
15 then you use them later. And maybe that doesn't exist
16 within industry and their ability to swap credit. Can
17 you clarify?

18 MR. KANERVA: There's a two-year lifetime limit on
19 the trading units that are issued to industry. The way
20 the Emission Reduction Market System works for industry
21 is that each year industry -- an industry is given an
22 allotment of trading units that's driven by where they
23 started off with their emissions, how much reduction
24 they had to make.

L.A. REPORTING (312) 419-9292

168

1 It's all in that rule. But they're given an
2 allotment, a thousand trading units, and those trading
3 units are -- remain usable in that -- for that year and
4 the next year, and if they're not used in that time

5 frame, they expire.

6 In this vehicle scrappage rule the lifetime
7 of a credit is limited to a time frame really not
8 exceeding three years, at most, and probably more
9 likely two years, depending on how they do the project.
10 It's described in the rule. So there's a lifetime
11 limit on that amount of a credit.

12 MR. BELLER: Thank you.

13 HEARING OFFICER TIPSORD: Go ahead.

14 MS. PODESZWA: Mary Podeszwa again. I want to get
15 into the idea of replacement cars. Most people who
16 drive a car who might be in this condition would get
17 maybe anywhere from 500 to \$800, let's say, for that
18 car probably can't afford a much newer car than that.
19 My guess is that they would get \$700 and go out and buy
20 another \$700 car. It might be a few years newer, but
21 it would still be probably in about the same condition
22 and about the same level of pollution. I can't really
23 see where this would clean the air. Do you have any
24 comments on that?

L.A. REPORTING (312) 419-9292

169

1 MR. KANERVA: The experience we had in the pilot
2 project was that the vehicle owners, after our
3 purchase, on average across the project bought a car

4 that was eight years newer -- it's stated in the
5 report -- eight model years newer than the car they
6 turned in to us for collection.

7 MS. PODESZWA: But was it any cleaner?

8 MR. KANERVA: Well, yeah. If they turned in a '78
9 and they're talking about an '86, that has a whole
10 different level --

11 MS. PODESZWA: But was it --

12 MR. KANERVA: -- of pollution.

13 MS. PODESZWA: -- any cleaner?

14 MR. KANERVA: Well, it had to be -- you know, it
15 had to be cleaner or it wouldn't come out with a net
16 minus result in terms of the tons of --

17 MS. PODESZWA: Did you test those vehicles?

18 MR. KANERVA: We did the modeling analysis for
19 those and --

20 MS. PODESZWA: But did you --

21 HEARING OFFICER TIPSORD: Excuse me. Excuse me.

22 You cannot talk over him, please. You have to let
23 Mr. Kanerva answer the question, and then you can ask
24 another question. Okay? But if you talk over him, the

L.A. REPORTING (312) 419-9292

170

1 court reporter cannot get this all on the record.

2 Okay? So please remember to let him finish.

3 MR. KANERVA: Well, we went through how we did the
4 calculation before; but for that specific vehicle, we
5 did apply the modeling to that specific car they
6 purchased and they had -- and applied the mileage
7 equivalent to what they had been traveling.

8 MS. PODESZWA: Did you actually test those
9 replacement vehicles?

10 MR. KANERVA: No.

11 MS. PODESZWA: You only used a model?

12 MR. KANERVA: Yes.

13 MS. PODESZWA: Is that correct?

14 MR. KANERVA: That's correct, which is allowable
15 under EPA's requirements.

16 MR. HULT: Dennis Hult.

17 This is an interesting point too. Is there
18 any profile on the people that actually sold the car,
19 for instance? My thought would be if you're a two-car
20 family and you've got this old clunker that you might
21 be thinking of replacing anyway, it's worth a hundred
22 bucks, here's a chance to get \$700. Might as well, and
23 then you can go out and spend your \$1500 or whatever to
24 upgrade. In other words, we're kind of -- they were

L.A. REPORTING (312) 419-9292

1 going to do it maybe anyway.

2 It wasn't -- in other words, what I'm asking
3 is was this their sole vehicle? Was this -- you know,
4 or was this just a secondary car to them that didn't
5 matter too much to them? Am I making sense here? Do
6 you understand what I'm saying?

7 MR. KANERVA: Well, yeah. We collected
8 information about the car they were turning in. We --

9 MR. HULT: Yeah, but you --

10 MR. KANERVA: -- didn't look at their entire
11 vehicle usage.

12 MR. HULT: But one of the things you're basing
13 this on is they went out and purchased a much cleaner,
14 newer car. Therefore --

15 MR. KANERVA: And that -- we got that information
16 from them --

17 MR. HULT: Right.

18 MR. KANERVA: -- after they collected it. So that
19 was --

20 MR. HULT: But we don't --

21 MR. KANERVA: -- actual information.

22 MR. HULT: -- know if they were going to continue
23 to drive this clunker. They might have been in a
24 position that they were going to do it anyway. Do you

1 follow what I'm saying? We don't know that kind of
2 information.

3 MR. KANERVA: Well, there's no way to know that.

4 MR. HULT: I mean, I have two cars. I only drive
5 one. If I had a chance to sell my hundred-dollar
6 clunker for \$700, I might do it and not even replace
7 it.

8 MR. KANERVA: But if that had been your behavior
9 pattern before, your mileage usage would be so small on
10 that vehicle it probably wouldn't be worth collecting
11 anyway.

12 MR. HULT: But that's what I liked about the
13 program you did because you targeted cars that were
14 being driven, that were polluting, and then made it
15 voluntary. What I didn't like to hear before was, oh,
16 let's advertise, drag them in, get the -- pay the
17 700 bucks or whatever and get my pollution credit.

18 I think you got two things going here. Do
19 you want to decrease pollution, or do you want to get
20 credits? And I think the credit thing is a real sticky
21 thing. I think you can do the pollution without doing
22 the credits.

23 HEARING OFFICER TIPSORD: Okay. At this time I
24 think that what we're going to do is we're going to

1 move on to testimony by other people. The agency will
2 be here for the remainder of the day. And if there are
3 more questions at that point, we can ask them then.
4 But I do think that we need to move on to the testimony
5 that other people want to give. Again, because we are
6 veering a lot more into testimony and a lot less of
7 questioning of the agency. So I think if we do that,
8 that may address some of the concerns that we have.

9 The first gentleman I have listed is Robert
10 Lozins. Am I pronouncing that correctly?

11 MR. LOZINS: I spoke whatever I wanted to say
12 before.

13 HEARING OFFICER TIPSORD: And you have nothing
14 further you'd like to add at this time?

15 MR. LOZINS: Not at this point.

16 HEARING OFFICER TIPSORD: Thank you very much.

17 Nick Kitowski.

18 MR. KITOWSKI: Present.

19 Just very briefly, again, I'm Nick Kitowski.
20 I'm the president of the Chicago Gearhead Car Club. We
21 have over 220 members. The only prerequisite to our
22 club being a member is love of the automobile. You
23 don't have to own a car. You can come to any event
24 without a car. We don't judge our cars because we

1 don't want to be competitive amongst ourselves. The
2 cars we do have range from anything from a vintage of
3 1930 up to 1992.

4 MR. LOZINS: Excuse me. '97.

5 MR. KITOWSKI: Excuse me. '97. He's in the club.

6 And why I'm here today, I'm concerned with
7 what's going to happen to the automobile in the future.
8 We have young members in our club that see the older
9 cars and when we open a hood and let them see the
10 motor, they're in amazement. We tell them how to put
11 points in the car because they don't know how to put
12 points in the car because everything is either
13 computerized or pointless.

14 Now, the old-timers like us can adjust
15 carburetors. Cars are now fuel-injected. They're not
16 going to have the opportunity if these cars disappear
17 to touch, look, and see what history was of the
18 automobile, if we take them off the street. I firmly
19 believe, and so does the club members, that this is the
20 door that opens the edge and it's just going to keep
21 going. And it will spill off into our love of the
22 automobile as hobbyists and owners of these cars.

23 I've heard a lot of things here today. I'm
24 taking this back to my membership. Our club, in

1 particular, for the last few months in every news
2 letter that we generate sent a form set letter. We
3 found out who their legislator is, where they live, and
4 we're sending these letters on to our legislators.
5 We're also doing this with other car clubs. We are
6 starting a phone, slash, mailing flyer, if you will,
7 about this proposal. We don't want it tolerated.

8 You guys came well polished today. That's
9 your job. You even came with an attorney. I don't
10 know if there's any attorneys in this crowd right here.
11 We talk as common people to you. We sort of came
12 unprepared because I'll tell you the truth, I didn't
13 know about this meeting until the last thing was
14 written in Sunday's Tribune by a columnist.

15 I tried to phone my guys to get here. They
16 couldn't come. They couldn't get out of work for
17 whatever the reason was. So I represent them. And I
18 can't see how driving being a privilege -- owning a car
19 is a privilege. Polluting the law -- or polluting is
20 against the law. I don't know how you can equate the
21 two.

22 These smoke stack industries are going to get
23 away with anything they can for the almighty dollar at
24 any cost they can. So maybe some way, somehow, they

1 thought about approaching the legislators that
2 approached your agency that says here's some new thing
3 we can try, credits, pollution credits. That's the
4 most absurd thing I've ever heard in my life. Credits
5 to pollute.

6 I can't tolerate it, and I'm sure the average
7 common sense person can't do it either. And I commit
8 my club and myself and anybody that's going to listen
9 to me to defeat this in any way, shape, or form, no
10 matter what it takes. Find some other way to do it.
11 Throttle back the pollution. Leave our cars alone.
12 Don't make them like dinosaurs where little kids look
13 at books and they never see them and never will.

14 The other thing is, what is collectible today
15 changes all the time. It can be -- a Volkswagen Beetle
16 can end up being -- whatever the car is. There's
17 certain areas right now that are high collectible cars,
18 but how are you going to have the chance if
19 everything's taken away?

20 I thank you for your time.

21 HEARING OFFICER TIPSORD: Mr. Kitowski, would you
22 like to enter that form that you're including in your
23 news letter into the record in this proceeding?

24 MR. KITOWSKI: Yes.

L.A. REPORTING (312) 419-9292

177

1 HEARING OFFICER TIPSORD: Is there any objection?

2 MR. KANERVA: No.

3 (Exhibit No. 4 marked.)

4 HEARING OFFICER TIPSORD: Seeing none, we'll admit
5 it as Exhibit No. 4.

6 Could you give me a copy of it?

7 MR. KITOWSKI: Yeah.

8 HEARING OFFICER TIPSORD: Thank you.

9 Next, John O'Halloran.

10 Have you been previously sworn?

11 MR. O'HALLORAN: I have not.

12 (Witness sworn.)

13 WHEREUPON:

14 JOHN O'HALLORAN,

15 called as a witness herein, having been first duly

16 sworn, was examined and testified as follows:

17 MR. O'HALLORAN: I did prepare a brief statement

18 here. Good morning, ladies and gentlemen. My name is

19 John O'Halloran.

20 And like yourself, I do have a little bit of

21 a cold.

22 I'm vice president of the Illinois Region of

23 the Antique Automobile Club of America. The Antique
24 Auto Club of America, founded in 1935, is the largest

L.A. REPORTING (312) 419-9292

178

1 antique auto club in the world. The Illinois region,
2 founded in 1946, is the oldest region within the AACA.
3 Our members have shown a concern over your proposed
4 Cash for Clunkers Program here in Illinois for the
5 impact it may have on future generations of car
6 collectors, their ability to find collectible cars of
7 this late 20th century vintage, and their ability to
8 find usable parts and accessories.

9 Originally proposed by the Bush
10 administration as a method for factors to mitigate
11 existing plant pollution problems, Cash for Clunkers
12 was implemented in California in a pilot program by
13 Unocal Corporation, parent company of Union 76, which
14 had noncomplying refineries in the southern California
15 area.

16 Under the original Cash for Clunkers Program,
17 a number of older cars which had failed pollution
18 control tests were purchased from the open market.
19 They were tested for the level of pollution output and
20 estimates placed on the projected future lifespan.
21 These cars were then crushed with Unocal Corporation

22 receiving in trade a like amount of pollution credits.
23 Car collectors in the southern California area reported
24 seeing a number of collectible and future collectable

L.A. REPORTING (312) 419-9292

179

1 cars destroyed in this way. Average price paid by
2 Unocal for each crushed car was reported as \$700 at the
3 time.

4 Should this program be implemented in
5 northern Illinois, the people of this area may see an
6 increase of pollution as lower priced clunkers are
7 imported here from other areas for the clunker program.
8 In order to qualify for the clunker program, the
9 vehicle must be licensed and driven in the pollution
10 tested area and must have failed a pollution control
11 check. And I understand now that that's not strictly a
12 correct statement. Thank you.

13 As part of the clunker purchase price is
14 based on a level of noncompliance, it's possible that
15 unscrupulous owners might tamper with pollution
16 controls. Seven hundred dollars or higher purchase
17 price for clunkers not only acts as an incentive to
18 import clunker cars to this area, it has the
19 unfortunate side effect of driving up the prevailing
20 price paid for third, fourth, and fifth-owner vehicles,

21 cars nearing the end of their natural lifespan, cars
22 which may still pass existing pollution control tests,
23 cars which are currently scrapped for normal attrition.
24 It's likely if Cash for Clunkers is implemented in the

L.A. REPORTING (312) 419-9292

180

1 northern Illinois area, the only cars crushed will be
2 noncompliant clunkers.

3 The members of my organization urge the
4 Illinois Environmental Protection Agency to double and
5 redouble efforts to ensure industry compliance with
6 current pollution laws. We further urge the Illinois
7 EPA to drop completely and forever any Cash for
8 Clunkers Program.

9 That's the end of my prepared statement. I
10 do want to say when this was originally prepared under
11 Mary Gady's administration a number of years ago, we
12 were against it then also. It was a bad idea then.
13 It's still just a really bad idea. Thank you very
14 much.

15 HEARING OFFICER TIPSORD: I apologize. I forgot
16 to ask if there were any questions for Mr. Kitowski or
17 any questions for Mr. O'Halloran.

18 Okay. James Ruzicka. I apologize for the
19 pronunciation. Could you spell your name and be sworn

20 in?

21 MR. RUZICKA: I have no further testimony. My
22 sentiments were expressed by the gentleman there.

23 HEARING OFFICER TIPSORD: Thank you.

24 Ms. -- and I know you've pronounced it

L.A. REPORTING (312) 419-9292

181

1 several times.

2 MS. PODESZWA: Mary Podeszwa, Northern Ford
3 Thunder Car Club. For the last couple of years I've
4 been following the Cash for Clunkers proposals that
5 have been floated across the country. It is very
6 interesting to note that the only two states really
7 that have kind of latched on to this are California and
8 Illinois. Now, according to Mr. -- Kanerva?

9 MR. KANERVA: Kanerva.

10 MS. PODESZWA: Kanerva. (Continuing.) --
11 according to Mr. Kanerva, over the last seven years
12 only 25,000 cars have been crushed in California.
13 That's 3,000 cars a year, 3,000 cars. It would seem to
14 me that to even make an iota of difference in the air
15 pollution in this area, you would have to crush oh,
16 200,000 cars, 250,000 cars.

17 I don't think there are enough time, enough
18 energy, or even for these sponsors enough money to even

19 approach that kind of -- that kind of status, that kind
20 of level. 3,000 cars, that's nothing. That
21 shouldn't -- it's worthless. It's not even worth even
22 doing. It's not even worth the salaries for the EPA
23 for the last seven years in the state of Illinois. It
24 seems to me you've spent a lot of effort and you're not

L.A. REPORTING (312) 419-9292

182

1 going to get anything out of it, except for the
2 polluting industries, the people who are licensed
3 scrappers who will probably be politically well
4 connected businesses judging by what's happened in the
5 state of Illinois over the last year and a half.

6 I would think that this thing should be
7 dropped very, very quickly. It's not worth it. It's a
8 waste of energy. There are better ways of doing it.
9 SEMA -- well, I don't know if SEMA is here today; but
10 SEMA, the Specialty Equipment Manufacturer's
11 Association, has calculated that it's actually cheaper
12 to repair these vehicles rather than scrap them. I
13 don't see anything about repair in your proposal. And
14 that's all I have to say. Thank you very much.

15 HEARING OFFICER TIPSORD: Thank you.

16 Any questions?

17 MR. KANERVA: We just -- a response or a -- to

18 share some additional information about the repair and
19 retrofit, that as an option was not really very well
20 developed or not really being discussed when we did our
21 Cash for Clunkers Project. It has since been tried on
22 a pilot basis in San Diego and in the Phoenix area, and
23 we've talked to the program managers in those two areas
24 about how that's gone so far. And frankly the results

L.A. REPORTING (312) 419-9292

183

1 are a bit disappointing, but there may be some reasons
2 for it in terms of how much promotion was done, things
3 like that. So, I mean, it's an option that may deserve
4 some additional attention.

5 We wrote to the Specialty Equipment Market
6 Association in October of last year and said basically
7 that, the repair and retrofit is not completely proven,
8 there are some questions about it, but we're willing to
9 talk to you about how we might do something like that.
10 And so far we don't have a reply from them. We had one
11 phone call and a short conversation, and they said,
12 well, we're still thinking about it. We'll get back to
13 you and have not heard back from them.

14 The legislation that mandated this proposal
15 only authorized car scrapping. That was the only thing
16 put in it. And it doesn't mean something additional

17 couldn't be added later on, and that's why we talked to
18 them about possibly doing that. I mean, it's important
19 to remember that in the two pilot areas where they
20 tried repair and retrofit, which is SEMA's big
21 proposal, the car owner has to pay for a portion of the
22 costs of those repairs, apparently a significant
23 portion, as opposed to being paid to have their car
24 purchased and not have to have additional expense

L.A. REPORTING (312) 419-9292

184

1 themselves. So that's, I think, part of the reason why
2 they ran into some of the difficulties they did.

3 HEARING OFFICER TIPSORD: Thank you.

4 Moving on.

5 MR. IEVINS: A follow-up question -- comment,
6 actually. Eric Ievins.

7 You mentioned that the car owners had to pay
8 for that. Isn't that about the same dollar figure that
9 the car owners have to pay now to prove that they've
10 tried to do repairs if they fail an emissions test. My
11 understanding is that the dollars are very similar.

12 MR. KANERVA: If they have to go so far as a
13 waiver.

14 MR. IEVINS: Correct.

15 MR. KANERVA: But if they're just under the

16 standard, if they're a higher emitter but not failing
17 the test, then they don't have any repair they have to
18 do.

19 MR. IEVINS: I understand it is voluntary, yes.

20 MR. KANERVA: Yeah.

21 HEARING OFFICER TIPSORD: Thank you.

22 The next person I have is Dave Moody.

23 MR. MOODY: Dale?

24 HEARING OFFICER TIPSORD: I'm sorry. It looked

L.A. REPORTING (312) 419-9292

185

1 like a v. I apologize. Could we have you sworn in,
2 please?

3 (Witness sworn.)

4 WHEREUPON:

5 DALE MOODY,

6 called as a witness herein, having been first duly

7 sworn, was examined and testified as follows:

8 MR. MOODY: First I'd like to say that I'm not a
9 stranger to the Pollution Control Board or the Illinois
10 Environmental Protection Agency. I have a couple
11 letters here that if you'd like I could introduce as
12 testimony. Later on you can make copies of it. I'll
13 read an excerpt of this one letter, which is to my
14 senator, state senator, William Mahar, 19th district.

15 First I want you to know that I am not
16 against environmental programs in general. As the
17 first private individual under the then new Illinois
18 law to file a formal air pollution complaint in 1970,
19 Dale Moody versus Linco Corporation, PCB Docket No.
20 70-36. We won and forced Linco to comply with the law
21 without scrapping old cars.

22 I am still a staunch supporter of clean air
23 and water, and I am also the owner of two vintage
24 automobiles. So it is possible to have more than one

L.A. REPORTING (312) 419-9292

186

1 passion. As I said, you can have this as an exhibit if
2 you'd like to make a copy.

3 The response that I received yesterday from
4 Senator Mahar, one of his responsibilities is chairman
5 of the environment and energy -- is, I received your
6 correspondence regarding a proposed EPA bill to
7 implement a motor vehicle scrappage program. You make
8 an excellent point regarding vintage and classic cars.
9 In parenthesis, I am an owner also. This proposal
10 seems ill-advised. I will not be at the Friday meeting
11 because the legislature will be in session. Please
12 convey my views on this matter.

13 I don't have much to add to that.

14 HEARING OFFICER TIPSORD: We would like to -- I
15 would like to have copies of those both to admit as an
16 exhibit if there's no objection.

17 (Exhibit Nos. 5 and 6 marked.)

18 All right. We'll admit those as Exhibit
19 Nos. 5 and 6.

20 Next, I have Alan Jirik for the Illinois
21 Environmental Regulatory Group. Am I pronouncing that
22 right?

23 MR. JIRIK: That's close enough.

24 We have prepared testimony, so save you some

L.A. REPORTING (312) 419-9292

187

1 typing.

2 Do you need a copy?

3 HEARING OFFICER TIPSORD: Are you going to read
4 that in its entirety?

5 MR. JIRIK: Your preference.

6 HEARING OFFICER TIPSORD: How long is it?

7 MR. JIRIK: At normal font, it's two pages.

8 HEARING OFFICER TIPSORD: Okay.

9 MR. JIRIK: So to read or not to read?

10 HEARING OFFICER TIPSORD: All right. Yeah. Go
11 ahead and read it into the record.

12 MR. JIRIK: Okay.

13 Good morning. My name is Alan Jirik, and I
14 am the director of environmental affairs for a member
15 company of the Illinois Environmental Regulatory Group,
16 which I'll refer to as IERG in my testimony.

17 IERG is a not-for-profit Illinois corporation
18 comprised of 65 companies engaged in industry,
19 commerce, manufacturing, agriculture, trade,
20 transportation, and other related business activities.
21 The IERG membership is comprised of companies that are
22 regulated by governmental agencies which promulgate,
23 administer, or enforce environmental laws, regulations,
24 rules, or policies. IERG is also an affiliate of the

L.A. REPORTING (312) 419-9292

188

1 Illinois State Chamber of Commerce, or the Illinois
2 Chamber, which has more than 4,000 member companies in
3 the state of Illinois, most of which are Illinois-based
4 businesses.

5 As chairman of IERG's ozone regulatory issues
6 work group and on behalf of the entire IERG membership,
7 I am presenting the following testimony in support of
8 the vehicle scrappage regulations proposed by the
9 agency.

10 IERG became aware of a potential vehicle
11 scrappage rulemaking during the course of the

12 development of the Emissions Reduction Market System,
13 or ERMS, rule. It is our opinion that the proposed
14 vehicle scrappage rule would provide a useful and
15 complimentary compliance option for those stationary
16 sources of volatile organic material, or VOM, emissions
17 that are subject to the ERMS program.

18 Implementation of the ERMS program requires
19 affected companies, in the aggregate, to reduce their
20 VOM emissions by 12 percent from their past actual
21 emission levels. Each individual participant may meet
22 their respective emission reduction requirement in a
23 variety of ways. The novel approach offered by ERMS is
24 that participants may trade VOM emissions under a

L.A. REPORTING (312) 419-9292

189

1 market based system to meet individual plant VOM
2 budgets and as a result achieve the overall aggregate
3 emission reduction imposed by the cap.

4 A potential difficulty with ERMS occurs if
5 there is a shortage of VOM allotments available from
6 the market. Should this occur, industry would seek,
7 out of necessity, other VOM reductions to comply with
8 ERMS.

9 The ERMS regulation specifically provides
10 that emission reductions gained from mobile sources may

11 be used by participants in the ERMS program to generate
12 emission credits. For companies facing difficulties in
13 obtaining VOM reductions to satisfy ERMS, the proposed
14 vehicle scrappage program would offer an additional
15 option for obtaining the necessary VOM emission
16 reductions credits.

17 In addition, the agency's proposal is
18 consistent with the statutory mandate contained in
19 Subsection 9.8(c)(3) of the Illinois Environmental
20 Protection Act, the legislation authorizing the ERMS
21 rulemaking. Under this statutory mandate, the ERMS
22 rule must contain provisions that assure that subject
23 sources will not be required to reduce emissions to an
24 extent that exceeds their proportionate share of the

L.A. REPORTING (312) 419-9292

190

1 total emission reductions required of all emission
2 sources, including both mobile and area sources, to
3 reach attainment with the National Ambient Air Quality
4 Standard for ozone in the Chicago nonattainment area.

5 As stationary, mobile and area sources have
6 been found to each contribute roughly one-third of the
7 Chicago ozone nonattainment problem, the vehicle
8 scrappage proposal provides a mechanism for the mobile
9 source sector to contribute to VOM reductions -- VOM

10 emissions reductions in the Chicago area. As I noted
11 earlier, the ERMS program requires a 12 percent
12 emissions reduction from stationary sources above and
13 beyond all other regulatory requirements.

14 IERG is pleased that the proposal on vehicle
15 scrappage, which is the subject of today's hearing,
16 makes it clear that the emission reductions achieved by
17 this program can be utilized as ERMS credits. It is
18 this flexibility that elicits our strong support of the
19 program. It is also important to note that vehicle
20 scrappage reduction credits may also be used as new
21 source review offsets. As offsets become increasingly
22 scarce, all options to increase their supply is
23 critically important to the regulated community.

24 I appreciate the opportunity to present

L.A. REPORTING (312) 419-9292

191

1 testimony at today's hearing on the vehicle scrappage
2 proposal. On behalf of the IERG membership, I urge the
3 Board to adopt the agency's proposal as it would
4 provide a needed and viable compliance alternative for
5 businesses subject to the ERMS program and/or the new
6 source review preconstruction permit program and could
7 aid in the further reduction of emissions of VOM in the
8 Chicago ozone nonattainment area.

9 That concludes my comments.

10 HEARING OFFICER TIPSORD: Thank you. Are there
11 any questions?

12 MR. BELLER: What's a new source of review offset?

13 MR. JIRIK: Shall I? New sources of emissions in
14 the Chicago area are required to offset any new
15 emissions they would bring to Chicago by a greater than
16 one-to-one margin. So a person who wanted -- I'll use
17 an example -- to put up an auto body painting shop,
18 which would be something close to all of you, if he
19 sites it in the six-county area and he would emit VOM
20 solvents, every pound he wants to emit he has to find
21 somebody to reduce 1.3 pounds today or he cannot build
22 the shop.

23 So that's the new program. It basically
24 requires that you have greater reductions than the

L.A. REPORTING (312) 419-9292

192

1 amount of your proposed increase, so ...

2 MR. BELLER: Jordan Beller.

3 Am I then to understand that if you opened
4 your example body shop and put out any amount of
5 product into the air that you're already in
6 noncompliance even with brand-new equipment and need an
7 offset something right now?

8 MR. JIRIK: Well, it's a very complicated
9 regulation. If you were of sufficient size that you
10 were subjected to a new source for review, then you
11 would be like all other industries in Chicago. Chicago
12 is a capped resource.

13 There is a limit to the amount of pollution
14 that is required. And to fit under that cap before
15 your new emissions again are allowed, you have to have
16 1.3 or more offsets. So you'd have to talk to legal
17 counsel to determine the exact circumstance; but if you
18 were a regulated entity, then it would be correct, yes.

19 MR. BELLER: So in short, yes, you are
20 noncompliant immediately upon start-up in this area
21 because --

22 MR. JIRIK: No. It's very complicated -- it's a
23 very complicated rule. I defer to legal counsel on it.

24 HEARING OFFICER TIPSORD: I would just point out

L.A. REPORTING (312) 419-9292

193

1 that I'm not sure that this really has much to do
2 with -- I --

3 MR. BELLER: I'll bring it up in my presentation.
4 Thank you.

5 HEARING OFFICER TIPSORD: Go ahead.

6 MS. PODESZWA: Just a follow-up question to his.

7 Are you possibly a representative or is a
8 member of your group this company that's trying to put
9 a new power generating station in Northbrook, Illinois?

10 MR. JIRIK: I'm speaking on behalf of the IERG
11 group today.

12 MS. PODESZWA: Okay. And --

13 MR. JIRIK: And that is who I represent.

14 MS. PODESZWA: Do you know if this company is a
15 member of your group?

16 MR. JIRIK: I don't know who the company is.

17 MS. PODESZWA: I think it's Skygen Energy
18 Corporation.

19 MR. JIRIK: I'm not aware --

20 MS. PODESZWA: They are planning to build a new --
21 this is just some background information. They are
22 planning to build a new plant. It's estimated that
23 they are going to put out 715 tons of this pollutant
24 over a part-time -- generating part-time. They would

L.A. REPORTING (312) 419-9292

194

1 be operating in the summertime mostly because of
2 air-conditioning use.

3 We're trying to figure out how many -- 715
4 tons, how many cars that this would be representative
5 of, and I don't really think they can do that many

6 cars. Is that not true?

7 MR. JIRIK: Well, I can't respond directly to your
8 question, but I would note just then on a generic
9 engineering principle the kind of plans you speak of
10 are very small in the emissions and pollutants we're
11 speaking of today. So you may want to check
12 technically to see if it may be a different --

13 MS. PODESZWA: This is -- I believe this is
14 according to their filing, that they -- that this is
15 from them.

16 MR. JIRIK: Yeah. I couldn't imagine 700 tons of
17 VOM -- the engineering just doesn't logically follow.
18 So you may want to investigate further.

19 HEARING OFFICER TIPSORD: Let's let Mr. Kanerva
20 also address that.

21 MR. KANERVA: Yes. That particular facility has
22 come up a couple of times in different ways, and the
23 emissions that are being talked about there are
24 nitrogen oxide emissions, okay, from the power

L.A. REPORTING (312) 419-9292

195

1 production facility. And the credits we're talking
2 about exchanging for vehicle scrappage to industry in
3 this rule are aimed at volatile organic emissions, not
4 NOx emissions. They're two different things.

5 MS. PODESZWA: So you're contention as to this
6 rule, that they -- this company would then not be able
7 to have a scrappage fund to offset their --

8 MR. KANERVA: Right. Correct.

9 MR. JIRIK: I agree.

10 MS. PODESZWA: But they get NOx credit?

11 MR. KANERVA: There is no NOx credit program. The
12 control reduction requirement on industry in the
13 Emission Reduction Market System is a 12 percent
14 reduction on volatile organic material emissions on
15 volatile organic things for manufacturer and production
16 and such. It's not a reduction on nitrogen oxide
17 emissions. The only thing that can be traded for those
18 reductions is this -- is the same type of pollutant.

19 MR. IEVINS: Do you include carbon monoxide also
20 in that?

21 MR. KANERVA: No.

22 MR. IEVINS: Or just the organic?

23 MR. KANERVA: Just the volatile organic compounds.

24 HEARING OFFICER TIPSORD: Thank you very much.

L.A. REPORTING (312) 419-9292

196

1 Any other questions? All right. Let's move on to Erik

2 Ievins.

3 Have you previously been sworn?

4 MR. IEVINS: No, I haven't.

5 (Witness sworn.)

6 WHEREUPON:

7 ERIK L. IEVINS,

8 called as a witness herein, having been first duly

9 sworn, was examined and testified as follows:

10 MR. IEVINS: I'm not quite sure where to stand

11 here. My name is Erik Ievins. I'm a professional

12 engineer in the state of Illinois, and I've also worked

13 in the industries with power plants in New York state

14 for several years about ten years ago. So I'm familiar

15 with the various continuous emissions monitoring

16 programs that we put into place and how they complied

17 with the EPA Clean Air Act of 1990.

18 I'm definitely ecologically minded as well.

19 I'm very much interested in clean air, and I also enjoy

20 antique vehicles. I have one of my own right now. I'm

21 a member of the Chicagoland Mopar Connection as well,

22 representing approximately 700 members in this general

23 region.

24 I do not have a prepared testimony. I

L.A. REPORTING (312) 419-9292

197

1 unfortunately did not find out about this until very

2 recently, as some of you also mentioned. I also

3 contacted my legislatures and found out that they're in
4 session today. So they're not going to be here either.
5 I will make sure to send something to them summarizing
6 what I've found here.

7 My main concern is definitely clean air; no
8 question about it. I've looked at the pollution credit
9 trading as an overall whole. It definitely makes a
10 little bit of sense in terms of the balance of mother
11 nature. If you put out less pollution here and more
12 pollution somewhere else, mother nature is balanced.
13 The concept is good. It works only if the -- only if
14 the pollution itself is actually changed somehow in
15 form or location.

16 The initial predicted computer models of car
17 crushing, it certainly seemed to indicate that removing
18 cars from the road would be effective. In fact, the
19 Cash for Clunkers Program that was described here also
20 makes it seem like there may be some possibility. You
21 mentioned the south coast in California. My readings
22 of that is that they have tried scrappage programs.

23 They have found that it's not effective at
24 reducing pollution. And, in fact, they found that

L.A. REPORTING (312) 419-9292

1 there are some other things that are more effective.

2 You also mentioned the retrofit and the repairs. I
3 would definitely like to call to your attention a
4 document by SEMA. The title of that is voluntary
5 repair and upgrade as an alternative to motor vehicle
6 scrappage programs. If you have not read it, I urge
7 you to.

8 HEARING OFFICER TIPSORD: Do you have a copy of
9 that?

10 MR. IEVINS: I do have a copy of that with me. I
11 would be happy to submit that as evidence also.

12 HEARING OFFICER TIPSORD: Could we tender that as
13 an exhibit then?

14 MR. IEVINS: Sure, especially if someone has a
15 stapler.

16 In that document they do reference several
17 pilot programs in southern California. They mentioned
18 Arizona as well. They also talked about the dollars
19 that are involved with the reductions of volatile
20 organic compounds, the VOCs. In terms of dollars per
21 ton, the numbers that they generated are, in fact,
22 higher than what I heard talked about today. So I need
23 to do some other research and find out what's involved
24 with that. Their conclusion was that it is

1 significantly more effective to clean up dirty vehicles
2 than to scrap them. So I would urge us to look at that
3 some more.

4 The other thing that I wanted to point out,
5 which I heard a little bit of talk about earlier today,
6 the idea of whether an old car is a polluting car. The
7 US EPA, in fact, has specifically acknowledged that
8 that is not true, that not all old cars are dirty cars
9 and that many, in fact, are quite clean. That was in
10 March of 1992. I personally have experience with old
11 cars that I have managed to make pass emission tests
12 with flying colors. And that certainly can be done.
13 In my experience the cars that are the gross polluters
14 are not always that old. They're just poorly
15 maintained. That's the difference.

16 Those are the primary things that I wanted to
17 bring to attention. I am -- I'm curious to get more
18 information regarding how actually the pollution would
19 be reduced. From what I've read, it is simply not
20 effective.

21 I have another page I would like to submit as
22 evidence also. It's my own thoughts regarding my own
23 personal car, and, in fact, trying to find spare parts
24 for it. We mentioned the idea of a classic car being

1 worth considerably more than just an old clunker. For
2 my 1964 Plymouth I can find many parts over a time
3 frame of many different years. So, in fact, crushing
4 what you may perceive as a worthless 1973, I could
5 still use a lot of parts off that. So I'd like to --
6 as a matter of fact, I have many copies of this if you
7 would like to read through that as well.

8 HEARING OFFICER TIPSORD: Is there any objection?

9 Seeing none, we will admit this as Exhibit
10 No. 8.

11 (Exhibit No. 8 marked.)

12 MR. IEVINS: Those are the majority of my
13 comments. Any questions, by all means, please feel
14 free. Thank you very much for your time.

15 HEARING OFFICER TIPSORD: Any questions?

16 I would just like to make a note. Since
17 you're the second one that's mentioned that they just
18 recently found out about this hearing, the Board is
19 required by law to notice our hearings at least 30 days
20 in advance. And this was noticed in 11 newspapers
21 throughout the state of Illinois, including at least
22 one in the Chicago area. I believe it was the
23 Sun-Times up here, as was the previous hearing in
24 Springfield.

1 We also put out notice on our web page of all
2 of our hearings. I apologize if you didn't get notice,
3 but I would just like to note that we do put the
4 notices out there and that they were available.

5 MS. PODESZWA: What is your -- is the web site
6 under the state of Illinois EPA?

7 HEARING OFFICER TIPSORD: Yes, it is. I'll give
8 you the specific cite afterwards.

9 Next, Mitch Masalski.

10 (Witness sworn.)

11 WHEREUPON:

12 MITCH MASALSKI,
13 called as a witness herein, having been first duly
14 sworn, was examined and testified as follows:

15 MR. MASALSKI: I'm Mitch Masalski, a Chicago
16 resident, taxpayer, and sort of a car collector. I
17 heard all the testimony here today; sad to say I was
18 not informed until yesterday evening about this
19 hearing. So I'm not really prepared to give you
20 specifics on why I'm opposed to this proposal. I have
21 heard horror stories from other states where I believe
22 Mr. Kanerva stated that this test program was conducted
23 with 207 cars which were on waivers from the Illinois
24 vehicle emissions test.

1 Those individuals were contacted, and
2 subsequently the cars were purchased. Other vehicles
3 that did not -- or other owners that did not want to
4 participate were allowed to keep their cars and
5 continue to drive on their waivers as long as they met
6 the emissions requirements on their annual or
7 semiannual basis.

8 I've heard horror stories from other states
9 where vehicles that were not driven but merely kept on
10 the individual's private property just for storage,
11 just for their own reason of collectibility, just to
12 look at, not to drive, subsequently further proposals
13 in their legislature, those vehicles were eventually
14 confiscated and destroyed with no recourse for those
15 respective owners.

16 I'm against this proposal about vehicles for
17 credits. Let the industries involved use the new
18 technology that's coming about in order to clean up
19 their act. Leave the cars as they are for the
20 enjoyment of the respective owners.

21 HEARING OFFICER TIPSORD: Thank you. Are there
22 any questions?

23 Seeing none, I'm really going to mess this
24 name up. Dennis -- and it starts with an H.

1 MR. HULT: Hult.

2 HEARING OFFICER TIPSORD: Okay. You've been
3 previously sworn?

4 MR. HULT: Yes.

5 HEARING OFFICER TIPSORD: Go ahead.

6 MR. HULT: I think everybody is worried about
7 pollution. Obviously our cars are no good if we're all
8 dead of pollution. So the coming -- you know, whether
9 it's the EPA or industry, basically a clunker driving
10 down the road every day, spewing black smoke, that's
11 the targeted car.

12 My concern is that the car that's going to be
13 brought in and crushed, and I don't know if -- there's
14 no regulations that have ever worked because --
15 completely unless you're a law abiding citizen. What I
16 would like to point out is this: Everything is
17 currently in place. If you are concerned about vehicle
18 emissions -- vehicle emissions. I don't care about the
19 stationary people.

20 If you're concerned about reducing vehicle
21 emissions, everything is in place. Number one, we have
22 to get our vehicles' pollution inspected, all right?
23 And if you don't pass, then you either have to fix

24 it -- and maybe that's the loophole that needs to be

L.A. REPORTING (312) 419-9292

204

1 fixing. Get it fixed.

2 The state of Illinois, which is involved --

3 this whole thing is about -- plates the car. If it

4 doesn't pass emissions and you don't fix it, take the

5 plate off. Then you're not driving it. Then it's not

6 polluting. We've established the thing. Now, if

7 you're the owner of that car, you either fix it, sell

8 it, or scrap it. When it goes to the scrap yard or you

9 sell it, then we all have our opportunity to buy it and

10 get the parts. The scrap yard after they've had it for

11 a while, guess what they do with it? They crush it.

12 So the case in point is we've got everything

13 in place and maybe all we need to do is tweak what's

14 already in place and not put a whole other level of

15 bureaucracy, get a whole other group with a financial

16 reason to do this, 700 bucks, get the taxpayers

17 financing it in place. I think it's already here.

18 Just make sure. And I ought to know because I've got

19 one that's sitting in my yard that I can't get past

20 emissions.

21 So I've got a choice of scrapping it, fixing

22 it, or whatever. I can't drive it right now; but, hey,

23 if you get this program in, I'm going to be first in
24 line to get that \$700 for my \$200 car that can't pass

L.A. REPORTING (312) 419-9292

205

1 emissions.

2 HEARING OFFICER TIPSORD: Thank you.

3 Are there any questions?

4 Seeing none, Jordan Beller. Did I pronounce
5 that right?

6 MR. BELLER: Yeah. Yep. That's me.

7 I'm sorry I had to follow Dennis Hult because
8 he's obviously read my notes. This is a serious
9 problem because it involves our lives, our children,
10 our children's children. It isn't just these counties.
11 The same schmutz that's in the air from the airports
12 drifts over into Indiana. So this is a big problem,
13 and we should address this in a serious manner. And
14 I'm sorry we have to be here today to do this.

15 And I'm really sorry you stole what I was
16 going to say because we have a mechanism in place, and
17 I think we're making a very good attempt in good
18 conscience to protect the environment but in a poor
19 manner.

20 I think you're ill-advised to follow the
21 recommendations by anybody on the California coast

22 without thinking through the impact on me here, the
23 taxpayer and breathing person in this area. And I want
24 you to listen to me more than you listen to them when

L.A. REPORTING (312) 419-9292

206

1 all of us are here today telling you there's a serious
2 issue among those able to be present on short notice
3 about the threat we perceive today and tomorrow to our
4 automobiles. This is serious for us.

5 And a different matter than the breathing
6 issue is what rule changes will occur in the future
7 that will impair our ability to do what we do now or to
8 pass on that characteristic to our kids and our
9 grandkids. I want you to think about that, and I also
10 want you to think about your title, Environmental
11 Protection, and think about that word "protection" as
12 not just pollution. I want to be protected in all ways
13 in this issue. And I think we're all here today saying
14 the same thing in many ways, and that is think about
15 what you could do in an alternate method to put in
16 place something to deal with this that doesn't so
17 threaten me. My protection is being threatened.

18 And I think too the last thing I want to
19 bring is there isn't any need for the scrappage stuff
20 to be altered because it sounds like the scrappage

21 thing you're doing is just adding another opportunity
22 for the bureaucratic intervention. I think, in other
23 words, you're not going to be threatening us with
24 our -- with the pollution portion of this at all. We

L.A. REPORTING (312) 419-9292

207

1 have all this stuff in place and that you're really
2 doing a new threat to us with the inhibition -- or the
3 inability of our car clubs to thrive in a standard
4 existing system.

5 So please rethink this and please don't get
6 us to the point where we have to write to our
7 legislatures, get ourselves all riled up and all act on
8 something that I think anyone who had objectivity could
9 stand back from and say this doesn't have to happen
10 this way at all. This is unnecessary.

11 HEARING OFFICER TIPSORD: Thank you.

12 And the last person I have signed up is
13 William -- it starts with an F.

14 MR. LILLIQUIST: Lilliquist.

15 HEARING OFFICER TIPSORD: I'm sorry. I couldn't
16 read the writing.

17 MR. LILLIQUIST: I just put my name down because I
18 thought maybe the juices would start flowing during the
19 course of the morning. Besides my analogy about the

20 graffiti people and the bad guys -- it seems like
21 there's two competing issues here: the polluters and
22 stopping the polluters in the most effective way and
23 targeting the effort of the biggest violators is one
24 competing idea, and I think this program misses the

L.A. REPORTING (312) 419-9292

208

1 mark to do that.

2 The other competing interest here is --
3 you've heard from many of us who are collector car
4 owners and club members. We're the ones who have the
5 cars that show up at Oak Brook Mall or Old Orchard Mall
6 or Route 66 events or parades and so forth. Every
7 place these cars go, they collect a crowd, especially
8 children, especially old people who remember when they
9 were new. Our old cars are not the bad guys. We're
10 the ones who take your clunker and turn it into next
11 year's admired restoration.

12 Our main concern here is that the car that
13 could have been restored will get destroyed or the cars
14 that we're trying to maintain will run out of spare
15 parts that are not manufactured anymore.

16 To aim your effort at us and our cars is the
17 wrong idea. I belong -- I have supported for a dozen
18 years environmental defense fund, Sierra Club, all the

19 parks and conservations, all the rivers people who --
20 just because we collect cars doesn't mean that we are
21 not also extremely concerned with the environment, all
22 of the environment, the rivers, the whole thing, and
23 not just air pollution. But of all the things that you
24 could be doing and should be doing, this is probably

L.A. REPORTING (312) 419-9292

209

1 one of the least effective ill-advised mistargeted
2 things that you could do. Thank you.

3 HEARING OFFICER TIPSORD: Thank you.

4 Mr. Moody?

5 MR. MOODY: Dale Moody again.

6 I only really have one question to the
7 members of the Illinois Environmental Protection
8 Agency. I don't really expect an answer, but I'd like
9 you to think about it. Suppose you live nearby and
10 downwind of one of the major stationary polluters that
11 is trying to buy these credits or would be trying to
12 buy these credits. Would that influence your position
13 on the scrappage law?

14 HEARING OFFICER TIPSORD: At this time is there
15 anyone else who would like to testify?

16 MR. IEVINS: Actually, I had a question for the
17 gentleman from IERG.

18 HEARING OFFICER TIPSORD: I believe he left. If
19 you'd like to place it on the record, you may do so.
20 There's a chance they'll look at the transcript and
21 they may be willing to respond in final comment.
22 MR. IEVINS: Well, I certainly could, but actually
23 what's more important is my realization that there are
24 two sides to every issue. I am certainly open to

L.A. REPORTING (312) 419-9292

210

1 having my opinion changed with admission of new
2 information. I'm a little disappointed that somebody
3 would present one side of a story and then not wait to
4 hear the other side. I guess that's all.

5 MS. PODESZWA: I have one additional question.
6 This -- the pilot program was conducted in 1993. Why
7 did it take seven years to get to this point if this is
8 such a good idea?

9 MR. KANERVA: We explained the decision process we
10 went through in our first testimony at the first
11 hearing. There were two things being developed at the
12 same time. We were trying a number of different -- or
13 working with a number of different market base
14 concepts; one was the emission trading among industrial
15 sources. This vehicle scrappage was another. There
16 were even some tax credit ideas that were being looked

17 at, just sort of a general effort to look at new ways
18 of doing environmental regulation.

19 The emissions market system concept came
20 together and we finished a design work from that not
21 too long after we completed this pilot project. And it
22 became obvious that there was a relationship between
23 the two, based on who was interested in buying credits,
24 et cetera. So we went ahead and did the market system

L.A. REPORTING (312) 419-9292

211

1 rulemaking -- well, legislation and rulemaking first to
2 put that in place and then followed with this. And the
3 legislation for the market system was in '96, and it
4 took several years to do the rulemaking.

5 That was just adopted in the fall of '98, as
6 I recall. And so we started then. We came back to
7 this proposal, had some outreach meetings with people.
8 In the summer of '99, in fact, we met with some of the
9 same people that testified downstate. We met with some
10 of the car collector people up here and then filed our
11 proposal at the first of this year. So it was a
12 sequencing situation.

13 MS. PODESZWA: I have one additional question for
14 Mr. Matheny. Am I pronouncing it correctly?

15 MR. MATHENY: Yes.

16 MS. PODESZWA: Right now this rule only applies to
17 light-duty vehicles, light trucks, I believe. Is that
18 correct?

19 MR. MATHENY: (Nodding.)

20 MS. PODESZWA: Is there any -- are there any rules
21 conducting -- concerning emissions testing for
22 heavy-duty trucks, buses, any other large construction
23 vehicle, lawn mowers, airplanes, any sort of vehicles
24 that could emit these compounds? Is there any rules in

L.A. REPORTING (312) 419-9292

212

1 place for these types of vehicles or modes of
2 transportation?

3 MR. MATHENY: Well, I can respond with respect to
4 heavy-duty trucks, primarily diesel vehicles. Last
5 year the general assembly passed a bill requiring
6 opacity testing of those vehicles, and that program is
7 being implemented by the Department of Transportation
8 in concert with their truck-safety program. The
9 opacity testing, again, is a different constituent.
10 It's looking not at volatile organic materials, but of
11 the diesel particulates that are being emitted. Large
12 trucks, diesel powered vehicles inherent in the design
13 of the diesel engine emit relatively low amounts of
14 volatile organic compound.

15 HEARING OFFICER TIPSORD: I would also just like
16 to follow up and note that the Board has had on its
17 books for several years a regulation prohibiting diesel
18 opacity emissions of a certain level, but unfortunately
19 there's been no funds in the state to enforce that.
20 And that's -- legislature just adopted it. It would
21 have been enforceable through any citizen's suit, as
22 all environmental protection laws are enforceable.
23 Go ahead.
24 MS. PODESZWA: And my additional question is if

L.A. REPORTING (312) 419-9292

213

1 vehicle scrappage could go into effect and sponsors
2 could pay for it, then why not get sponsors to pay for
3 the funding to check those diesel trucks out that
4 aren't passing?
5 HEARING OFFICER TIPSORD: They just answered the
6 legislation has already been passed and that is in
7 place and DOT will be taking that over in the next
8 couple of years, I believe, isn't it?
9 MR. MATHENY: Yeah.
10 MR. MacKAY: Charles MacKay again.
11 I'd like to follow up with this gentleman's
12 comment about the gentleman who read into the record
13 his representation of 60 corporations, blah, blah,

14 blah, blah.

15 HEARING OFFICER TIPSORD: Right. I would
16 appreciate it if you'd make it brief, though. I don't
17 think we want to get into it too much since he's not
18 here --

19 MR. MacKAY: I'm not going to get --

20 HEARING OFFICER TIPSORD: -- to respond.

21 MR. MacKAY: -- into it very much at all, believe
22 me. And I concur with the gentleman over here who has
23 the green sweater on that after he read his two-page
24 testimony, it occurred to me that his position is that

L.A. REPORTING (312) 419-9292

214

1 the corporations are strictly dollar-driven. They're
2 credits budgeted for pollution, budgeted for this,
3 capital for that, that's dollars.

4 It's dollar-driven. It's just -- he also
5 mentioned that it was another option for corporations
6 to meet Illinois' environmental laws. It's an option.
7 Nowhere did he mention pollution, and you're the
8 Environmental Protection Agency.

9 HEARING OFFICER TIPSORD: Thank you.

10 MR. HULT: Just one more thing that I'd like to
11 enter into the record because my assumption -- may be
12 incorrect -- is that most of you don't restore cars.

13 So I think it might be well to know why we're so
14 interested in this. If you have, say, a 1968 Ford that
15 you are -- and let's say it's in nice condition.
16 The easiest way and the way most people
17 maintain their cars is you don't go to the auto parts
18 store and say give me this, give me that, and whatever,
19 because they don't have them anymore. And so what most
20 of us have to end up doing is buying another 1968/'69
21 Ford and -- the whole car. And when we need a wheel,
22 when we need, you know, a fuel pump, when we want the
23 radiator, if we want to do the interior, that's the way
24 you do it.

L.A. REPORTING (312) 419-9292

215

1 As most people with new cars -- when
2 something goes wrong, they just take it to, you know,
3 the dealer and they fix it and whatever because the
4 parts are available. As you know, after seven years
5 you don't have to have parts as an auto company. And
6 that's why even a clunker sometimes -- I mean, there's
7 a lot of clunkers I'd love off the road, but -- and I'm
8 not even interested in that kind of car.
9 But just to crush it means all the parts,
10 fuel pump, the radiator, you know, the head on the
11 engine, the carburetor, the wheels, all that stuff's

12 gone. So if I could buy it for a hundred bucks and
13 I've got all the parts I need to keep my car running --
14 which is the car that politicians love to ride in
15 parades, you know, that type of thing that all the
16 surrounding communities around me have these cruise
17 nights that want all the old cars out. Well, how do
18 you keep them running when you can't go get the parts
19 unless the parts are available and we can keep them.
20 And -- but that's why we want the cars, the whole car.

21 HEARING OFFICER TIPSORD: Thank you.

22 Okay. At this time, seeing nothing further,
23 I'd like to go off the record for just one moment.

24 (Discussion off the record.)

L.A. REPORTING (312) 419-9292

216

1 HEARING OFFICER TIPSORD: Back on the record.

2 This transcript will be available some time
3 in the next two to three weeks. At that time there
4 will be an additional public comment period during
5 which time you may file written comments with the
6 Pollution Control Board for 30 days.

7 I will place out a hearing officer order when
8 the transcript comes in and put a date-specific on that
9 30 days, and all comments should be received by that
10 date. It will give you a chance to review the

11 transcript, review not only your own comments but the
12 comments of the agency, and give you an opportunity to
13 see if you want to file additional comments. Those
14 comments again should be served on everyone on the
15 service list if you are on the service list, and you
16 can get that by contacting me here at my Chicago
17 office.

18 I don't have any cards with me, but I will go
19 upstairs and get some and pass them out so you'll have
20 my office phone number and also our web address because
21 the transcript will be placed on the web page, and you
22 will be able to access it there, as is the transcript
23 from the first hearing of March 1st.

24 It's already on the web page. Also, there's

L.A. REPORTING (312) 419-9292

217

1 a copy of the proposed rule on the web page. All of
2 that's accessible via the Internet. I can also get you
3 a copy of the rule if you don't have it if you leave me
4 your name and address.

5 Unfortunately, because of the way the
6 transcripts are done, if I have to send you a copy of
7 that, I do have to charge you a copying fee for the
8 transcript.

9 MR. LILLQUIST: Could you clarify the difference

10 between the notification of this and the service list
11 and what kind of people would have an interest in being
12 on the service list?

13 HEARING OFFICER TIPSORD: Generally people who are
14 on the service list are people who are going to be
15 passing back and forth filings. For example, the
16 agency is almost always on our service list. The
17 Illinois Environmental Regulatory Group generally ends
18 up on our service list because they're going to file
19 motions or make several filings and they will be
20 serving them back and forth.

21 People on the notice list are the people who
22 generally just want to know what the Board is doing.
23 They want to see the hearing officer orders, and they
24 want to see the Board's opinion in order. In this case

L.A. REPORTING (312) 419-9292

218

1 the Board is not convinced -- exempted by the
2 legislature from the Administrative Procedure Act.

3 So in most cases the Board would send this to
4 second notice and then final adoption under the
5 Administrative Procedure Act; but since we are exempt
6 from the Administrative Procedure Act, the Board will
7 take all comments into consideration, and then we will
8 adopt a final rule. So there will probably only be one

9 additional board order, and that will be the final rule
10 that we adopt.

11 Do you have anything further to add?

12 BOARD MEMBER GIRARD: Well, yes. Yes, I would.
13 I'd like to say that it's obvious to me -- and I'm sure
14 I speak for everyone up here -- that most of the people
15 in this room are very passionate about automobiles. We
16 have heard that. We will consider all of your comments
17 very carefully in this proceeding; but many of your
18 statements and questions of testimony today indicate to
19 me that you question the 1995 vehicle emissions law,
20 which actually specified that the agency would bring us
21 a proposal and told us that we need to adopt rules to
22 establish this vehicle scrappage program. And I don't
23 want you to be disappointed that we can't change that
24 law.

L.A. REPORTING (312) 419-9292

219

1 The Pollution Control Board and the Illinois
2 EPA do not make the laws. The legislature makes the
3 law. They passed that law in 1995, and they told us
4 what to do. And each one of you has a representative
5 and a senator who are your voices in Springfield in
6 that general assembly, and so they are the ones who
7 should hear your comments. And you need to educate

8 them about how you feel.

9 We're -- I mean, we could sit up here for
10 five days, ten days, and listen to you talk about the
11 validity of that law, but we can't do anything about
12 it. And so I just don't want you to go away from here
13 and be disappointed. We will consider your comments
14 very carefully. We will consider the proposal from the
15 agency, and -- but we are under the directive of the
16 legislature to come up with some rules. So that's the
17 context in which we're all operating; but, you know, we
18 certainly appreciate that you've come here to testify.
19 The rule will be much better because of your
20 participation, but keep in mind that we don't make
21 laws. And thank you very much for coming.

22 MR. LOZINS: Robert Lozins.

23 Would that mean that no matter what happens
24 in our testimony, there's still going to be a vehicle

L.A. REPORTING (312) 419-9292

220

1 scrapage law, or do you have authority to say no to
2 that?

3 BOARD MEMBER GIRARD: We do not have the authority
4 to say no to the legislature. In fact, the legislature
5 created us, and they could put us out of business
6 tomorrow.

7 MR. LOZINS: So no matter what we do here, you
8 still have to come up with some vehicle scrappage
9 rules?

10 BOARD MEMBER GIRARD: That's the way I read the
11 law.

12 MR. LOZINS: So we need to contact our legislators
13 and ask them to repeal this law right here?

14 BOARD MEMBER GIRARD: If you don't like the law,
15 yes. They're the only ones who can change the law. We
16 can't change the law. We have to live with it just
17 like you do.

18 HEARING OFFICER TIPSORD: We can take into
19 consideration your comments on the agency's proposal,
20 on how we might make that more palatable to all of you.
21 So we do encourage you to keep filing more comments on
22 how the program might be more palatable.

23 MR. LOZINS: But you can't stop it from happening?

24 HEARING OFFICER TIPSORD: No. Basically we are

L.A. REPORTING (312) 419-9292

221

1 directed to adopt -- the agency was directed to devise
2 a program and present the rules to the Board. And
3 we're directed within 180 days of that proposal to
4 adopt rules.

5 MR. IEVINS: I'm sorry. Could you clarify for me

6 and probably for all of us how much of these details

7 have already been signed into law and what is still

8 proposal that is still pending?

9 HEARING OFFICER TIPSORD: The best way, probably,

10 for you to look at that is to look at the statutory

11 citation I gave you earlier. It clearly delineates

12 what the agency was supposed to do and what we then are

13 supposed to do. In fact, it's that same section of the

14 act that says that we are not subject to the

15 Administrative Procedure Act.

16 MR. IEVINS: Thank you.

17 MR. MOODY: I keep wondering what Jake DuMulle

18 would have thought of all of this.

19 Does the law specifically state that you are

20 to adopt a scrappage program?

21 BOARD MEMBER GIRARD: Yes. That's the short

22 answer, yes.

23 HEARING OFFICER TIPSORD: It provides the agency

24 shall propose procedures, practices, and performance

L.A. REPORTING (312) 419-9292

222

1 requirements for operation of vehicle scrappage

2 programs by any person who wants to receive credits for

3 certain emissions reductions from these vehicles. And

4 the Board is required to adopt those regulations within

5 180 days of receipt.

6 MR. MacKAY: Charles MacKay again.

7 My understanding of this recent conversation
8 is that the state has said, you've got to come up with
9 a program, scrappage for credits.

10 You write the regulation. Write it any way
11 you want, but take all of these people's opinions into
12 consideration.

13 HEARING OFFICER TIPSORD: Absolutely.

14 MR. MacKAY: That guy would let you scrap a 1953
15 Ford -- four-door sedan and corporate Illinois gets one
16 credit, which equals to one ton of whatever the
17 pollutants are that you wanted -- that corporate --
18 Illinois wants to pollute. So you scrap one car. They
19 get one credit. That's it. You got the authority to
20 write the rule any way you want.

21 HEARING OFFICER TIPSORD: Within the statutory
22 mandate, yes.

23 MR. MacKAY: Which says you got to scrap a car to
24 give these guys credits. There you go. One car, one

L.A. REPORTING (312) 419-9292

223

1 credit for 20 years.

2 Write the rule. Take these people's opinions
3 into consideration.

4 HEARING OFFICER TIPSORD: And we absolutely will,
5 and that's why we encourage you to take a look at the
6 transcript. And if you have additional comments,
7 please, please, please send them to us, and we'll
8 consider the. As I said, initially my thought was that
9 we would close the record 14 days after the
10 availability of the transcript. Given the wide public
11 interest we've seen here today, I don't think that's
12 realistic, that we should extend it to the 30 days. So
13 we will give an additional 30 days after the transcript
14 is available to receive --

15 MR. MacKAY: Follow up; give these club members
16 the time to get what they have heard today into their
17 newsletters out to their membership. Let them -- give
18 them enough time to get back to you also.

19 HEARING OFFICER TIPSORD: And hopefully that 30
20 days will do so. The problem we do have extending it
21 much farther than that is that we are required to adopt
22 rules within 180 days, which means we have to have the
23 rules adopted by May or June, I think.

24 MR. KITOWSKI: Sometimes -- Do you need my name

L.A. REPORTING (312) 419-9292

224

1 again? Nick Kitowski, president of the Chicago
2 Gearhead Car Club.

3 Sometimes they take juries to the scene of
4 the crime. You guys ever go on field trips? We could
5 show you our cars and take you for rides and stuff like
6 that. Would that have any effect on you?

7 HEARING OFFICER TIPSORD: We actually do go on
8 field trips, but usually not when we have a matter
9 pending before us.

10 MR. KITOWSKI: And I'm not being smart.

11 HEARING OFFICER TIPSORD: Right. No. I know, and
12 that's why I'm trying to answer you --

13 MR. KITOWSKI: I'd bring in pictures. We can all
14 bring our albums full of pictures. If you sat in them,
15 if you touched them, if we could show you a certain
16 part that you can't get anymore and on and on and on I
17 think maybe -- I don't know. Maybe that would impress
18 you a little more with our love of the automobile.

19 HEARING OFFICER TIPSORD: Well, I have to say that
20 I think I've been duly impressed by the turnout today
21 and the comments we've had. It's very clear that this
22 means a great deal to all of you.

23 Yes, sir.

24 MR. WILLIAMS: I'm sitting in the back being very

L.A. REPORTING (312) 419-9292

1 quiet, and I would like just to make a recommendation.

2 My name is Jeff Williams. I'm with Environmental
3 Resources Management. And on behalf of you folks, I
4 support you, and also the children that have to breath
5 this air, I'm supporting them. The common goal is to
6 come together and work at what I'm going to call a
7 working plan. We do have a rule. We have legislation
8 and laws in front of us, and we do have obligations to
9 this community.

10 Just stating that, my recommendation is
11 possibly to look to the membership of these clubs and
12 the community to develop an advisory board to act with
13 the state agency and the Pollution Board to work in
14 conjunction to identify and to support some of that
15 identification of the vehicles and the issues -- if the
16 rule and as the rule becomes law. Again, creating some
17 sort of an advisory board or committee to work within
18 that from their clubs and membership, is that possible?
19 That's my question and recommendation.

20 HEARING OFFICER TIPSORD: I think that's something
21 that the agency --

22 MR. KANERVA: Yeah. It would partly depend on
23 what the interest level was among your membership in
24 terms of participation. We do -- we have advisory

1 committees and counsels and all sorts of things for
2 different parts of the programs we run.

3 If that was something that the car collector
4 community, however you all define that -- but I'm not
5 sure I know the beginning and the end for sure because
6 there's kind of edges to this -- but if that was
7 something you were interested in doing, I think we'd
8 be -- we would be happy to entertain the concept of
9 having some kind of -- for instance, if clubs would
10 designate a person, you know, so that we had maybe a
11 combination of ten or 12 people that we could meet with
12 regularly to look at some of the details of how this
13 was done. I think that's kind of an interesting
14 concept, actually.

15 I'd like to go back and talk to our director
16 about it. There's nothing in the statute that would
17 say we have to; but if he's interested in doing that,
18 then he could probably do that as an administrative
19 matter.

20 What I think becomes critical here is the
21 timing that has been mentioned here. It would be a
22 little difficult, I think, to have kind of a whole
23 reconsideration of where we started with this and still
24 meet the deadline; but we might be able to get a group

1 together and have some additional discussions of this.
2 And there's no reason why if there are important
3 refinements that need to be done -- or, you know, I
4 mean, we could make additional proposals and make a
5 better approach to recycling or make a better approach
6 to how the person stacks the cars or, you know, all
7 those kinds of things, improvements to wherever we are
8 at the moment from your perspective.

9 We could continue to work on that. I think
10 the repair and retrofit fits in that same category. I
11 mean, we already made that overture to the SEMA people,
12 and having a group designated by you all that would
13 weigh in and work with us on that repair and retrofit
14 might be really important because there's some serious
15 questions about how to do that well, you know, and not
16 drive the motoring public kind of bonkers because you
17 have to keep coming back and prove that the retrofit
18 device works and, you know, all this. So, I mean, help
19 with those kind of complications would be -- might be
20 valuable too.

21 MR. WILLIAMS: One last statement. Is there any
22 dollars or funding available for education of this
23 particular program for these folks to at least be able
24 to comply with your agency? Is that available, or has

1 it been looked at or identified as an educational
2 component?

3 MR. KANERVA: Not at present.

4 MR. WILLIAMS: That's all I have.

5 HEARING OFFICER TIPSORD: Then if there's nothing
6 further, I think I'll draw this to a close. Again, I
7 want to --

8 MR. BELLER: I have a question. I just want to
9 clarify -- maybe I'm really this lost in the room, but
10 am I hearing that there is no way that this will fail
11 to happen? It's just what you say in it that's in
12 question? This has to happen.

13 There is no, for instance, vote to not have
14 this program possible by your group. You're committed
15 to a concept for which you were signed up and you have
16 to design and you cannot vote to say, 49 states don't
17 have this. It's a dumb plan. We vote not to have it.
18 You can't do that? You're committed?

19 HEARING OFFICER TIPSORD: That's correct. The
20 statute tells us we have to --

21 MR. BELLER: Okay. Thank you.

22 HEARING OFFICER TIPSORD: -- adopt the vehicle
23 scrappage program.

24 MR. BELLER: I'm sorry I didn't get it.

1 HEARING OFFICER TIPSORD: We can determine how
2 that program is run --

3 MR. BELLER: Right.

4 HEARING OFFICER TIPSORD: -- but we have to have a
5 program.

6 MR. LOZINS: Robert Lozins.

7 The 625 ILCS 5, slash -- that one, right?

8 HEARING OFFICER TIPSORD: Yes. That's the
9 citation.

10 MR. LOZINS: So if that's repealed, then we don't
11 have to worry anymore? To repeal it, that's going to
12 be the big -- the big effort, to repeal that if it's
13 possible?

14 MR. KANERVA: Just to make sure you understand in
15 terms of that citation, that's one section in the 1995
16 vehicle emissions testing law. Illinois has to have a
17 testing law as -- to meet federal requirements, but
18 that one section is not something that has to be there
19 for the testing program. So it's not repeal the whole
20 vehicle emissions law --

21 MR. LOZINS: No. I'm not talking about --

22 MR. KANERVA: -- it's the section that requires
23 scrapping.

24 MR. LOZINS: Right. That's all I'm concerned

1 about, the scrappage. We're all -- I think everybody
2 in this room is for clean air and for, you know,
3 testing the vehicles; but the scrappage part is what we
4 have the big issue with.

5 MS. PODESZWA: I have just one question on that
6 bill, on the law, where to find it, is that like an
7 e-mail address or an --

8 HEARING OFFICER TIPSORD: No. You know what? Why
9 don't you talk to me afterwards and I'll be sure and
10 give you that exactly where you can find it.

11 MR. HULT: Getting -- I have a question. Dealing
12 with regular scrap wrecking yards in many states, I've
13 gone in and I wanted to, say, buy a car that they've
14 gotten in, and they can't sell it because there's some
15 law that once it's in the scrap yard -- I don't know if
16 Illinois has that law or how your proposal would be
17 that if somebody brought in a '69 Ford and I wanted to
18 buy that '69 Ford because it's parts for my '69 Ford
19 what the deal would be. Would I get a title for it?
20 Can I only use it for parts? I would think that if I
21 want to restore that car, I should be able to and be
22 able to get a clear title for it. I mean, I'd like to
23 recommend that that be part of your thoughts.

24 MR. KANERVA: Right. Well, that was something we

L.A. REPORTING (312) 419-9292

231

1 checked with the secretary of state as we were doing
2 the regulatory development for this. And the collector
3 of that vehicle has the legal right, once they purchase
4 it from the original car owner, to part it out or to
5 sell it again to somebody else. That's not a problem.

6 MR. HULT: As a whole car?

7 MR. LOZINS: As long as they don't get a junk
8 title.

9 MR. KANERVA: Yeah. As long as it's not sent in
10 as a junked vehicle, then that slams the door; but
11 there's a space in between, and that's when they can
12 sell it.

13 MR. HULT: Just -- I didn't say in my things, but
14 a couple quick summaries. I think having a 25-year
15 thing is something you should consider, that anything
16 older than that -- there aren't that many on the road
17 to begin with.

18 They can't be doing that much pollution type
19 of thing. So a 25 -- I would like to suggest that
20 maybe 21 days before they squash it is not enough time,
21 that maybe it needs to be a little longer, that they --
22 if it goes in their custody that they are not allowed

23 to just put a forklift through the windshield and move
24 it around because then they already scrapped it in many

L.A. REPORTING (312) 419-9292

232

1 cases, and that the -- we be allowed -- if somebody --
2 I know it's their car, but if they're in their 21 days
3 and I want that car because I've got the exact same car
4 and I could use the engine parts and all that and I
5 want to buy the car and he says \$1500 and he can't sell
6 it for \$1500, he should be -- I should be able to buy
7 it for a \$700 pollution credit at some point before he
8 scraps it. Do you understand what I'm saying? Because
9 it's my tax money that's enabling him to do it.

10 HEARING OFFICER TIPSORD: I think that may be a
11 misconception. This will not be the -- unless the
12 agency were to decide to get into the emission
13 marketing system, the -- this is private money. This
14 is not the state money buying parts.

15 MR. LOZINS: Earlier I spoke about having a
16 rolling 25-year cutoff for testing cars for pollution.
17 Is that something that would have to be passed by the
18 general assembly, or can the Pollution Control Board
19 and the EPA do that on their own?

20 MR. KANERVA: Well, there's two different --

21 MR. LOZINS: And would they be able -- would the

22 Pollution Control Board be willing to consider
23 something like that?
24 MR. KANERVA: Well, there's two different things

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233

1 that have come up here. One is a moving 25-year
2 applicability period for who would have to do emissions
3 testing. That wouldn't -- we couldn't do that in this
4 proceeding because that's fixed at a 1968 year in the
5 act for testing. The scrapping part of it, there isn't
6 a time limit fixed in the legislation.

7 MR. LOZINS: I know we're talking about two
8 different issues --

9 MR. KANERVA: Okay.

10 MR. LOZINS: -- completely, but is that something
11 that the Pollution Control Board or the EPA would
12 object to if the general -- would it have to be passed
13 by general assembly and would the Pollution Control
14 Board and EPA be against something like that?

15 MR. KANERVA: For the emissions testing?

16 MR. LOZINS: For a rolling 25-year -- of not
17 having to get a car tested if it's 25 years old.

18 MR. MATHENY: I think -- you know, you're correct.
19 There are very few of those; but, you know, the general
20 assembly would have to consider that.

21 MR. LOZINS: But would the EPA be opposed to
22 something like that?

23 MR. KANERVA: We'd have to go back and evaluate
24 that. The design of the program is all based on the

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234

1 amount of reductions that we have to meet for the
2 federal requirements. And so if that started to affect
3 whether or not we were meeting our target, then that
4 would be a concern. We'd have to figure out how to
5 deal with that, but I don't think we've ever done that
6 kind of analysis. It's all based on fixed year.

7 HEARING OFFICER TIPSORD: Okay. Seeing nothing
8 else, then I would like to draw this to a close.
9 Again, I thank you all very, very much for your
10 attention and your comments. Thank you.

11 (Which were all the proceedings had
12 in the above-entitled cause.)

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235

1 STATE OF ILLINOIS)

) SS.

2 COUNTY OF COOK)

3 DEBRA L. LYMAN, being first duly sworn, on

4 oath says that she is a Certified Shorthand Reporter

5 doing business in the City of Chicago, County of Cook

6 and the State of Illinois;

7 That she reported in shorthand the

8 proceedings had at the foregoing motion;

9 And that the foregoing is a true and correct

10 transcript of her shorthand notes so taken as aforesaid

11 and contains all the proceedings had at the said

12 motion.

13

14

15

DEBRA L. LYMAN
Certified Shorthand Reporter

17

18

19 CSR No. 084-004091

20 SUBSCRIBED AND SWORN TO

before me this 5th day of

21 April A.D., 2000.

22

23 _____
NOTARY PUBLIC

24

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