Attachment 1 to Appendix D-4 and Attachment A
DEP Funding Request 0023-54A-K

Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1):

These projects comply with PA's stated overall goal of funding projects throughout PA that will reduce or eliminate emissions of oxides of nitrogen (NO_X), focusing on the most cost-effective projects that will maximize emission reductions, including those that focus on: large number of diesel engines and vehicles; priority areas; nonattainment or maintenance areas for National Ambient Air Quality Standards (NAAQS); high population density and high traffic density areas; and advancing PA's energy, environmental, or economic development goals. These projects comply with PA's stated intent to consider funding for all Eligible Mitigation Actions and Eligible Mitigation Action Administrative Expenditures. These projects are included under the DERA eligible fleet projects funding category identified in PA's Beneficiary Mitigation Plan (BMP) and is within the percentage of funding PA expects to request for this category. If scrappage requirements apply to these Eligible Mitigation Actions, funding recipients were required to submit proof of scrappage for the projects. These projects will contribute to PA's expected NO_X emission reductions from the DERA eligible fleet project category established in PA's BMP. Finally, these projects were awarded funding under a grant program, identified as an eligible funding mechanism by PA in its BMP.

Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):

The purpose of these projects was to replace (25) diesel-powered Class 8 local freight trucks. These projects will improve air quality in the communities they are located by reducing exposure of the public to NO_X and other diesel emissions caused by diesel fleet activities. For vehicle and engine replacement or repower projects, this will occur because of a cleaner vehicle or engine replacing the older diesel vehicle or engine. In addition to the NO_X emission reductions listed below, these projects will annually reduce 0.308 tons of volatile organic compounds (VOC), 1.312 tons of carbon monoxide (CO), 887.2 tons of carbon dioxide (CO_2), and 0.242 tons of fine particulate matter ($PM_{2.5}$). Additionally, these projects will result in lifetime emission reductions of 1.312 tons of VOC, 4.853 tons of CO, 3,381.9 tons of CO_2, and 0.835 tons $PM_{2.5}$.

Estimate of Anticipated NO_X Reductions (5.2.3):

These projects are expected to reduce 4.774 tons of NO_X emissions annually and 18.232 tons of lifetime NO_X emissions.

Identification of Governmental Entity Responsible for Reviewing and Auditing Expenditures of Eligible Mitigation Action Funds to Ensure Compliance with Applicable Law (5.2.7.1):

The Pennsylvania Department of Environmental Protection (DEP) is the government entity responsible for reviewing and auditing expenditures of Eligible Mitigation Action funds to ensure compliance with applicable laws in accordance with subparagraph 5.2.7.1.

Describe how the Beneficiary will make documentation publicly available (5.2.7.2):

DEP created and maintains a public web site as a clearinghouse for information relating to the Environmental Mitigation Trust Agreement for State Beneficiaries, including all public

information relating to PA's Beneficiary Mitigation Plan and programs funded by the State Mitigation Trust. On this web site or an associated web site, DEP will post summary information about all funding requests submitted to the Trustee, including the funding recipient, funding amount, and a summary of the project. In addition to the summary information, DEP will post and comply with the following statement: "The following is a summary of all funding requests submitted to the Trustee. Public records supporting the submitted funding requests, and public records supporting all expenditures of the Trust Fund by PA, are available to the public upon request, subject to all applicable laws governing the publication of confidential business information and personally identifiable information. A public record excludes confidential proprietary information, confidential business information, and personal identification information. Please contact DEP for additional information." The web site can be accessed at: https://www.dep.pa.gov/Business/Air/Volkswagen/Pages/default.aspx.

Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8):

For these projects, the applicants committed to providing mandatory cost shares, ranging between 25.0 and 85.6 percent. DEP committed to reimburse between 14.4 and 75.0 percent of the total project cost, through a direct payment from the Commonwealth. The Volkswagen Trust source funds used for EMA 10 payments will be transferred to a Commonwealth account by the Trustee from PA's allocation of the State Mitigation Trust, in accordance with approved Appendix D-4s. See Appendix D-4, Attachment B for detailed project budgets.

Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9):

DEP complied with subparagraph 4.2.8 by submitting letters to the personnel at the U.S. Department of the Interior and the U.S. Department of Agriculture on February 8, 2018. In the letters, DEP explained that PA may request Eligible Mitigation Action funds for use on lands within the custody, control, or management (including, but not limited to, Clean Air Act Class I and II areas) of these agencies. Additionally, DEP set forth in the letters the procedures by which PA will review, consider, and make a written determination on requests for funding from these agencies, in accordance with subparagraph 4.2.8. DEP provided a copy of the Trust Agreement with Attachments as an attachment to the letters.

If applicable, describe how the mitigation action will mitigate the impacts of NOx emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10).

These projects address pollution in priority areas, defined as areas which bear a disproportionate share of the overall air pollution burden, such as NAAQS nonattainment or maintenance areas, brownfields, Environmental Justice Areas, Disadvantaged Communities, and/or high pollution areas (ports, terminals, bus depots, etc.). These projects accomplish that goal by reducing exposure to emissions for residents where the installed/replaced equipment and vehicles operate. DEP's programs, through application scoring or eligibility criteria, give additional weight to projects occurring in these types of communities, thus prioritizing funding in these areas.