

STATE OF MONTANA AIR QUALITY CONTROL IMPLEMENTATION PLAN	Subject: Yellowstone County Air Pollution Control Program
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BEFORE THE BOARD OF ENVIRONMENTAL REVIEW
OF THE STATE OF MONTANA

In the Matter of the Application of)
the Department of Environmental)
Quality for Revision of the Montana)
State Air Quality Control Implementation)
Plan relating to Control of Sulfur Dioxide)
Emissions in the Billings/Laurel Area,)
Affecting the Following Industries:)
Cenex, Inc. (Laurel); Conoco, Inc.; Exxon)
Company, USA; Montana Power Company)
(J.E Corette and F. Bird Plants); Montana)
Sulphur & Chemical Company; and)
Yellowstone Energy Limited Partnership.)

**STIPULATION OF
DEPARTMENT
AND
YELLOWSTONE
ENERGY LIMITED
PARTNERSHIP**

The Department of Environmental Quality ("Department"), and Yellowstone Energy Limited Partnership ("YELP"), hereby stipulate to the following paragraphs 1 through 12, in regard to the above-captioned matter and present the same for consideration and adoption by the Board of Environmental Review ("Board").

1. On June 9, 1998, the Department and YELP executed a document entitled "Stipulation of Department and YELP," which included an Exhibit A and Attachment 1 (collectively "1998 YELP Stipulation"). The 1998 YELP Stipulation contained the sulfur dioxide control plan for YELP, as part of the state's efforts to revise the State Implementation Plan for the control of sulfur dioxide (SO₂) emissions in the Billings/Laurel area ("Billings/Laurel SIP").

2. On March 4, 1993, the United States Environmental Protection Agency (EPA) notified the Governor of Montana that it had determined that the existing implementation plan for the control of SO₂ emissions in the Billings/Laurel area was substantially inadequate to attain and maintain the SO₂ National Ambient Air Quality Standards ("NAAQS"). The letter further called for a revision to the implementation plan for the Billings/Laurel area, to assure attainment and maintenance of the SO₂ NAAQS.

3. The express purpose of the 1998 YELP Stipulation was to "establish an emission control strategy for YELP which, together with similar control strategies for the other Billings/Laurel industries, will assure attainment and maintenance of the primary

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and secondary SO₂ NAAQS." (1998 YELP Stipulation, para. 7). As part of the 1998 YELP Stipulation, Exhibit A contained emission limitations and other conditions, including but not limited to: methods for determining compliance with emission limitations, requirements by which such emission limitations are made quantifiable and enforceable by the Department, and facility modification requirements. Attachment 1 addressed performance specifications for stack flow rate monitors. The 1998 YELP Stipulation was approved and made enforceable by Board Order, dated June 12, 1998. On July 29, 1998, the 1998 YELP Stipulation was submitted to EPA as a revision to the existing Billings/Laurel SIP, in response to the March 1993 SIP Call.

4. In letters to the Department dated January 15 and March 2, 1999, EPA identified a concern with the 1998 YELP Stipulation. (Letters from Richard Long, to Mark Simonich, dated 1/15/99 and 3/2/99). Specifically, EPA noted there were questions regarding the practical enforceability and pro-rating of emission limitations for the Coker CO Boiler stack of Exxon Company, USA ("Exxon"), and YELP's boilers. In a letter dated March 24, 1999, Governor Marc Racicot committed the Department to revise the Billings/Laurel SIP to address this concern.

5. The purpose of this Stipulation is to revise Exhibit A of the 1998 YELP Stipulation, as necessary to fulfill the Department's commitment to EPA to address the issue described above in paragraph 4. Unless expressly stated otherwise, this document does not in any way supercede or alter the provisions of the 1998 YELP Stipulation, and except as expressly revised by this document, the 1998 YELP Stipulation, including Exhibit A and Attachment 1, remains in full force and effect, as part of the Department's control plan for SO₂ emissions in the Billings/Laurel area.

6. The parties agree that Exhibit A to the 1998 YELP Stipulation is revised as follows:

Section 3(A)(1) is revised to read:

"YELP Boiler stack SO₂ emissions shall be limited as follows during periods when either the Exxon Coker Unit is not operating or the Exxon Coker Unit is operating and YELP is receiving the Exxon Coker flue gas:

- a. Three Hour Emissions of SO₂ from the YELP boiler shall not exceed 2040.0 pounds per 3-hour period;
- b. Daily emissions of SO₂ from the YELP boiler stack shall not exceed 16,320.0 pounds per Calendar Day; and

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- c. Annual emissions of SO₂ from the YELP boiler stack shall not exceed 5,956,800.0 pounds per calendar year."

Section 3(A)(2) is revised to read:

"YELP Boiler stack SO₂ emissions shall be limited as follows during periods when the Exxon Coker Unit is operating and YELP is not receiving the Exxon Coker flue gas:

- a. Three Hour Emissions of SO₂ from the YELP boiler stack shall not exceed:
 - i. 2040.0 pounds per 3-hour period during that portion of each Calendar Day beginning at 6:00 a.m. and ending at 9:00 p.m.; and
 - ii. 114.2 pounds per 3-hour period during that portion of each Calendar Day beginning at 9:00 p.m. and ending at 6:00 a.m.
- b. Daily emissions of SO₂ from the YELP boiler stack shall not exceed 10,543.0 pounds per Calendar Day; and
- c. Annual emissions of SO₂ from the YELP boiler stack shall not exceed 3,848,049.0 pounds per calendar year."

Section 3(A)(3) is revised to read:

"If, for any 3-hour period during the course of a Calendar Day, the conditions for Section 3(A)(1) and Section 3(A)(2)(ii) both apply, then the resulting 3-hour emission limitation for the YELP boiler stack shall be determined by prorating, on an hourly basis, the emission limits contained in Section 3(A)(1 and 2). The prorated 3-hour emission limitation shall be calculated as the sum of the 1-hour values determined in accordance with the requirements of Section 3(A)(3)(a and b) below:

- a. Each Clock Hour during any part of which the conditions for Section 3(A)(2)(ii) apply shall be assigned a 1-hour value equal to the emission limitation contained in Section 3(A)(2)(a)(ii) divided by 3; and
- b. All other Clock Hours in the subject 3-hour period shall be assigned a 1-hour value equal to the 3-hour emission limitation contained in Section 3(A)(1)(a) divided by 3."

Section 7(C)(1)(b) is revised to read:

"Daily Emissions of SO₂ in pounds per Calendar Day from the boiler stack;"

7. This Stipulation shall become effective immediately upon the issuance of an order by the Board in this proceeding.

8. It is the intent of the parties that this Stipulation, after adoption and incorporation by Board Order, shall be submitted to the EPA for review and approval as revisions to the YELP control strategy for the attainment and maintenance of the primary and secondary SO₂ NAAQS in the Billings/Laurel area, as part of the State

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Implementation Plan. The revised requirements in this Stipulation shall supersede any less stringent corresponding conditions pertaining to SO₂ sources in any existing permit currently issued to YELP.

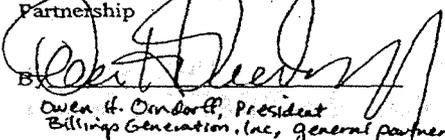
9. The 1998 YELP Stipulation, as revised by this Stipulation, is intended to assure attainment and maintenance of the primary and secondary NAAQS for SO₂, but is not intended to address attainment or maintenance of the Montana Ambient Air Quality Standards.

10. This Stipulation may be subject to modification as provided in paragraphs 16 and 17 of the 1998 YELP Stipulation.

11. YELP does not waive and expressly reserves its right to contest any Board order or federal action which, without the written consent of YELP, modifies this Stipulation.

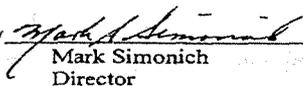
12. Accordingly, the parties agree that the Board shall issue an order adopting the terms of this Stipulation. Upon adoption in a Board Order, this Stipulation shall be enforceable by the Department.

Yellowstone Energy Limited
Partnership

By 
Owen H. Omborff, President
Billings Generation, Inc., General Partner

Date 2-9-00

Montana Department of
Environmental Quality

By 
Mark Simonich
Director

Date 2/14/00

Approved as to form:

By _____
Attorney

Date _____

Approved as to form:

By 
Attorney

Date 2/14/00

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