

August 17, 2000

(AR-18J)

Don Smith, Supervisor
South District-Operations and Planning
Air Quality Division
Minnesota Pollution Control Agency
520 Lafayette Road
St. Paul, Minnesota 55155

Dear Mr. Smith:

On June 23, 2000, our office received for review a Title V operation permit for Hutchinson Utilities Commission located at 1100 Industrial Boulevard in Hutchinson, Minnesota. The permit contained, among other things, Acid Rain requirements and limits to avoid Federal New Source Review. The public comment period for this permit ended July 24, 2000. We recently have learned that this source may be in violation of the Clean Air Act (CAA). We received information that may affect the synthetic minor status of Hutchinson Utilities Commission.

Hutchinson may be subject to major source permitting requirements under the Prevention of Significant Deterioration (PSD) permitting program. Hutchinson was issued a construction permit in April 1993 to install an LM 6000 turbine. The 1993 permit also contained emission limits for the LM 6000 turbine for the source to remain a minor source under 40 C.F.R. § 52.21. Hutchinson, which is located in an attainment area for nitrogen oxides (NO_x), is a fossil fuel steam fired electric generating facility with a heat input more than 250 MMBTU/hr, which is one of the 28 named source categories listed in 40 C.F.R. § 52.21. This means it is subject to PSD permitting requirements if it has the potential to emit 100 tons per year (tpy) or more of, among other things, NO_x. According to a 1995 performance test conducted at Hutchinson for the LM 6000 unit, the facility appears to have violated its short-term limit for NO_x established in the source's 1993 permit. It showed actual emissions at 42.6 lb/hr from the unit, which was higher than the permitted limit of 37.0 lb/hr. Additionally, Hutchinson submitted to your office data showing that its actual NO_x emissions were 219.07 tpy in 1995, which exceeded the 100 ton threshold. Because of these, the facility may be subject to major source permitting requirements pursuant to 40 C.F.R. § 52.21(r)(4).

The current draft permit indicates that the facility is taking an emission limitation of 99 tpy to remain below the applicability threshold for major source permitting. However, as noted above, in 1995, Hutchinson's actual emissions exceeded the major source threshold, possibly making the source ineligible for synthetic minor status. Also, the current draft Title V permit requires Hutchinson to show compliance through calculations based on AP-42

predetermined emission factors and not through emission factors developed through source-specific testing. The permit should contain conditions to ensure that the source remains in compliance, especially if the AP-42 factors do not reflect its actual emissions.

We realize the importance of issuing Title V permits and our role in assisting our States in expeditiously resolving issues in Title V permits. 40 C.F.R. § 70.6(a)(1) requires that permits contain emission limitations and standards that assure compliance with all applicable requirements at the time of permit issuance. However, the compliance status of the Hutchinson facility appears to be in question. Therefore, to allow for issuance of the permit before the above concerns are resolved, the following language should be added to the permit.

"Hutchinson Utilities Commission may be subject to additional requirements for major stationary sources under the Prevention of Significant Deterioration (PSD) major source requirements under 40 C.F.R. § 52.21 and the Minnesota State Implementation Plan. While the Minnesota Pollution Control Agency and the EPA are evaluating the applicability of PSD permitting for the total facility, a permit shield is not available with respect to Hutchinson Utilities Commission's synthetic minor status for nitrogen oxides (NOx). If MPCA and EPA determine that the source is not subject to any additional requirements, the permit can be reopened to provide a permit shield with respect to PSD at the facility."

We hope that the information outlined in this letter is useful to you. If you have any questions on this letter, please contact Shaheerah Fateen, of my staff, at (312) 353-4779.

Sincerely yours,

/s/

Robert B. Miller, Chief
Permits and Grants Section