

March 30, 2005

(AR-18J)

Donald Sutton
Manager, Permit Section
Bureau of Air
Illinois Environmental Protection Agency
P.O. Box 19506
Springfield, Illinois 62794-9506

Dear Mr. Sutton:

We have received a February 18, 2005, letter from Dominion to the Illinois Environmental Protection Agency (IEPA) proposing projects at the Kincaid Generation station to be performed during a nine-week outage. Dominion contends in its letter that the proposed projects qualify as routine maintenance activities under Title 40, Code of Federal Regulations, Part 52.21(b)(2)(iii)(a) of the Prevention of Significant Deterioration (PSD) regulations. As you are aware, under the applicable new source review regulations, in determining if a physical change will result in a significant emissions increase at an electric utility plant, companies may use an "actual" to "representative actual annual emissions" test for emissions from the electric utility steam generating unit, under which a calculation of baseline emissions and a projection of future emissions after the change is needed.

In determining whether an activity triggers PSD, the Clean Air Act and the United States Environmental Protection Agency's (USEPA) regulations specify a two-step test. The first step is to determine if such activity is a physical or operational change, and, if it is, the second step is to determine whether emissions will significantly increase because of the change. The statute admits no exception from its sweeping scope, but USEPA's regulations contain some narrow exceptions to the definition of physical or operational change. In particular, Dominion claims that the Kincaid project is eligible for the exclusion for routine maintenance, repair, and replacement. The determination of whether a proposed physical change is "routine" is a *case-specific* determination which takes into consideration the nature, extent, purpose, frequency, and cost of the work, as well as other relevant factors. The February 18, 2005, letter from Dominion contains insufficient information to make a determination on whether the project would be considered routine. Specific information that we would need to make a determination would include, but not be necessarily be limited to, all capital appropriation requests, work orders and specifications for the projects and all GADs outage reports for the components Dominion is replacing from 1999 to date. Based on the limited

description of the projects provided in Dominion's letter, it appears unlikely that these projects will qualify for the "routine" exclusion.

In addition, in order to properly evaluate Dominion's contention that the projects will not result in a significant emissions increase, we would need all data underlying the chart entitled Actual-to-Projected Emissions Comparison. If there is no significant emission increase, then the project will not trigger the PSD review requirements, even if the project is determined to be not routine.

If you have any questions, please feel free to contact me, or have your staff contact Constantine Blathras at (312) 886-0671.

Sincerely yours,

/s/

Pamela Blakley, Chief
Air Permits Section