

August 21, 2001

AR-18J

Doug Andrews, CHMM
Manager, Environmental Services
Great Lakes Gas Transmission
5250 Corporate Drive
Troy, Michigan 48098

Dear Mr. Andrews:

This letter is in response to Great Lakes Gas Transmission Company's Title 40 Code of Federal Regulations (40 CFR) part 71 application for operation permits under Title V of the Clean Air Act. The application was received November 15, 1999, for Stations 4 and 5, respectively, in Deer River and Cloquet, Minnesota. This letter clarifies the Environmental Protection Agency's (EPA) position on Prevention of Significant Deterioration (PSD) permitting for turbine 503 at Station 5, addresses the requirement for annual Title V fees for both sources, and addresses "routine replacement and repair" under 40 CFR parts 52 and 60 as it applies to Great Lakes' "maintenance program" defined in the permit application.

Prevention of Significant Deterioration:

Station 5 is located on the Fond Du Lac Indian Reservation in Minnesota. Turbine 503 at Station 5 was installed in January 1992, and was major for PSD for nitrogen oxides. Great Lakes submitted a permit application to the Minnesota Pollution Control Agency (MPCA) and received a PSD permit from the State in 1992. At that time, however, the MPCA was not authorized to administer the Clean Air Act within an Indian Reservation, nor is it currently authorized to do so.

Therefore, it is necessary that Great Lakes receive a PSD permit from EPA. The EPA acknowledges, however, that Great Lakes submitted an application, received a PSD permit from MPCA and installed turbine 503 in accordance with MPCA's PSD program requirements, believing MPCA to be the proper permitting authority. Under the circumstances, we do not believe it is necessary for Great Lakes to submit a new PSD permit application since we can use the prior application as the basis for the new permit decision. In addition, we have reviewed MPCA's Best

Available Control Technology (BACT) analysis which was prepared in connection with the previous application. Given that MPCA's BACT analysis was done appropriately at the time, we intend to use this analysis for preparing the new draft PSD permit.

It is Region 5's intent to concurrently issue for comment both the new draft Part 71 permit and a proposed federal PSD permit that will include, as appropriate, the terms of the 1992 PSD permit as issued by MPCA.

Title V Operation Fees:

Great Lakes must submit Title V fees annually. Permit applicants must remit payment of fees owed under the fee schedule established under 40 CFR 71.9. An annual report of actual emissions for the preceding calendar year and a fee calculation work sheet (based on the report) should also accompany the fee payment. Title 40 CFR 71.9(h) states that each part 71 source shall submit "full payment of the annual fee each year on the anniversary date of its initial fee calculation work sheet." The anniversary of the initial fee calculation worksheet for Great Lakes is November 15th.

The EPA received payment for actual emissions for the 1998 emission year for the initial permit application. If Great Lakes has not already done so, it must submit Title V fees for the actual emissions for the years of 1999 (\$33.21 per ton) and 2000 (\$33.82 per ton). The deadline for 1999 emission year was November 15, 2000. Our office recently received "Air Emissions Inventory Data" from Great Lakes which includes year 2000 actual emissions for turbines 401 and 402 at Station 4 and turbines 501, 502, and 503 at Station 5. Fees for actual emissions for the 2000 emission year are due November 15, 2001.

All Title V fees must be paid before a final permit is issued according to 40 CFR 71.9(m) which states, "the permitting authority shall not issue a final permit or permit revision until all fees, interest and penalties assessed against a source under this section are paid." Fees should be sent in the form of a check or money order to:

U. S. Environmental Protection Agency - Region V
P. O. Box 70753
Chicago, Illinois 60673

Checks should be made payable to the U.S. Environmental Protection Agency.

Routine Maintenance and Repair under 40 CFR 52.21 and part 60:

According to the supporting documents for the Title V operation permit application, Great Lakes has a "maintenance program" in which the company has periodic "change-out" of the gas generator component of each turbine/compressor unit of its aeroderivative turbines. At this time we will not make a formal determination on whether we would agree or disagree that these certain actions carried in the maintenance program are "routine maintenance and repair" as defined at 40 CFR 52.21 (PSD) and 40 CFR part 60 (New Source Performance Standards). A formal determination will not be made unless we receive a specific determination request from Great Lakes.

If you have any questions on this letter, please contact Faye Blondin at (312) 353-5069.

Sincerely,

/s/

Robert B. Miller, Chief
Permits and Grants Section, MI/MN/WI

cc: James Elkouri, Great Lakes Gas Transmission Company
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