



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

JUN 30 2015

REPLY TO THE ATTENTION OF:

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Michael Pellin, President
United Transportation Group
1150 East 145th Street
East Chicago, Indiana 46312

Re: Notice and Finding of Violation
United Transportation Group
East Chicago, Indiana

Dear Mr. Pellin:

The U.S. Environmental Protection Agency is issuing the enclosed Notice and Finding of Violation (NOV/FOV) to United Transportation Group (you) under Sections 113(a)(1) and (a)(3) of the Clean Air Act, 42 U.S.C. §§ 7413(a)(1) and (a)(3). We find that you are violating the requirements of the Indiana State Implementation Plan and the Clean Air Act at your East Chicago, Indiana facility.

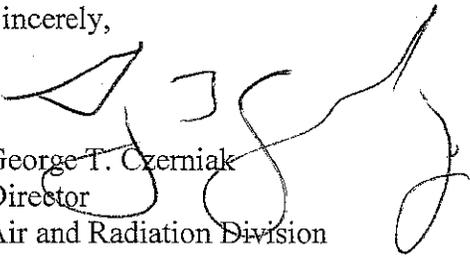
Section 113 of the Clean Air Act, 42 U.S.C. § 7413, gives us several enforcement options. These options include issuing an administrative compliance order, issuing an administrative penalty order, and bringing a judicial civil or criminal action.

We are offering you an opportunity to confer with us about the violations alleged in the NOV/FOV. The conference will give you an opportunity to present information on the specific findings of violation, any efforts you have taken to comply, and the steps you will take to prevent future violations. In addition, in order to make the conference more productive, we encourage you to submit to us information responsive to the NOV/FOV prior to the conference date.

Please plan for your facility's technical and management personnel to attend the conference to discuss compliance measures and commitments. You may have an attorney represent you at this conference.

The EPA contact in this matter is Kevin Vuilleumier. You may call him at (312) 886-6188 to request a conference. You should make the request within 10 calendar days following receipt of this letter. We should hold any conference within 30 calendar days following receipt of this letter.

Sincerely,



George T. Czerniak
Director
Air and Radiation Division

Enclosure

cc: Phil Perry, Chief, Air Compliance Branch
Indiana Department of Environmental Management

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5**

IN THE MATTER OF:)	
)	
United Transportation Group, Inc.)	NOTICE OF VIOLATION and
East Chicago, Indiana)	FINDING OF VIOLATION
)	
)	EPA-5-15-IN-08
Proceedings Pursuant to)	
the Clean Air Act)	
42 U.S.C. §§ 7401 - 7671q)	

NOTICE AND FINDING OF VIOLATION

United Transportation Group, Inc. (you or UTG) owns and operates a tanker truck and railcar cleaning facility located at 1150 East 145th Street, East Chicago, Indiana (facility). The facility consists of, among other things, a tanker truck and non-pressurized railcar cleaning operation and a purging/degassing and cleaning operation for pressurized railcars.

The U.S. Environmental Protection Agency is sending this Notice of Violation and Finding of Violation (NOV/FOV or Notice) to notify you that we have found you are violating certain requirements of the Indiana State Implementation Plan (Indiana SIP). Violations of a SIP constitute violations of Section 110 of the Clean Air Act (the Act or CAA), 42 U.S.C. § 7410.

Regulatory Requirements

Indiana SIP

1. Section 108(a)(1) of the Act, 42 U.S.C. § 7408(a)(1), requires the Administrator to publish, and from time to time revise, a list which includes each air pollutant: (A) emissions of which, in the Administrator's judgment, cause or contribute to air pollution which may reasonably be anticipated to endanger public health or welfare; (B) the presence of which in the ambient air results from numerous or diverse mobile or stationary sources; and (C) for which air quality criteria had not been issued before the date of enactment of the CAA of 1970, but for which the Administrator plans to issue air quality criteria under this section.
2. Section 109 of the Act, 42 U.S.C. § 7409, requires the Administrator to promulgate national primary and secondary ambient air quality standards (NAAQS) to protect the public health and welfare.
3. Section 110 of the Act, 42 U.S.C. § 7410, requires each state to adopt and submit to the Administrator for approval a state implementation plan (SIP) that provides for the attainment and maintenance of the NAAQS.

4. The Indiana SIP requirements relevant to this NOV/FOV are as follows:
- a. Any person responsible for operating a facility specified in 326 IAC § 1-6-1 shall prepare and maintain a preventative maintenance plan (PMP). 326 IAC § 1-6-3, effective May 3, 1990. 55 Fed. Reg. 18604.
 - b. No person shall operate any source or facility subject to 326 IAC § 2-1-1(b)(1) without first applying for and obtaining a permit to operate said source or facility from the commissioner. 326 IAC § 2-1-04(a), effective December 6, 1994. 59 Fed. Reg. 51108.
 - c. Emission limitations may be established as conditions of construction and operating permits for any source or facility for the purpose of ensuring that the ambient air quality standards, and the prevention of significant deterioration standards, are attained and maintained, and for insuring that the public health is protected. 326 IAC § 2-1-05(a), effective December 6, 1994. 59 Fed. Reg. 51108.
 - d. A source may be required to test and/or monitor emissions to prove that a source or facility is in compliance or will be in compliance with all applicable regulations. 326 IAC § 2-1-04, effective December 6, 1994. 59 Fed. Reg. 51108.
 - e. A source required to have a Part 70 permit, as described in 326 IAC § 2-7-2(a), may apply to the commissioner for a federally enforceable state operating permit (FESOP). 326 IAC § 2-8-2, effective October 17, 2009. 60 Fed. Reg. 43008.
 - f. Each FESOP must include emission limitations and standards, including those operational requirements and limitations that limit the source's capacity to emit any air pollutants, such that it does not fall within any of the categories listed in 326 IAC § 2-7-2(a), and that assure compliance with all applicable requirements at the time of FESOP issuance. 326 IAC § 2-8-4(1), effective November 5, 2009. 74 Fed. Reg. 51240.
 - g. Each FESOP must also include monitoring and related record keeping and reporting requirements that assure all reasonable information is provided to evaluate continuous compliance with the applicable requirements. 326 IAC § 2-8-4(3), effective November 5, 2009. 74 Fed. Reg. 51240.
 - h. Each FESOP shall contain compliance certification, testing, monitoring, reporting, and record keeping requirements sufficient to assure compliance with the terms and conditions of the FESOP. 326 IAC § 2-8-5(1), effective October 17, 1995. 60 Fed. Reg. 43008.

- i. In Lake County, Indiana, fugitive particulate matter (PM) rules apply to facilities and operations at a source having the potential to emit five (5) tons per year [or more] of fugitive PM into the atmosphere. 326 IAC § 6.8-10-1(a), effective May 30, 2008. 73 Fed. Reg. 23356.
- j. A control plan, upon submittal to the department, shall become a part of a source's operating permit or registration conditions. 326 IAC § 6.8-10-4(2), effective May 30, 2008. 73 Fed. Reg. 23356.
- k. A facility must keep documentation to show compliance with each of its control measures and control practices, including a log recording incidents when control measures were not used and a statement of explanation, as well as a quarterly report submitted to the Department. 326 IAC § 6.8-10-4(4), effective May 30, 2008. 73 Fed. Reg. 23356.
- l. Affected facilities in Lake County must install an add-on control system that achieves an overall control efficiency of ninety-eight percent reduction in VOC emissions 326 IAC § 8-7-3(1 and 2). 60 Fed. Reg. 34856, effective September 5, 1995.

Title V and Federally Enforceable State Operating Permit Program

- 5. After the effective date of any permit program approved or promulgated under Title V, it is unlawful for any person to violate any requirement of a permit issued under this title, or to operate an affected source, a major source, any other source subject to standards or regulations under Section 111 or 112, 42 U.S.C. §§ 7411 or 7412, except in compliance with a permit issued by a permitting authority under this title. Section 502(a) of the Act, 42 U.S.C. § 7661a(a)
- 6. Pursuant to 40 C.F.R. § 52.23, any person failing to comply with an approved regulatory provision of a SIP is subject to an enforcement action under Section 113 of the Act, 42 U.S.C. § 7413. September 18, 1974, as amended, June 28, 1989. 39 Fed. Reg. 33512, as amended, 54 Fed. Reg. 27274, 27285.
- 7. The Administrator promulgated State Operating Permit Programs on July 21, 1992, and codified these regulations at 40 C.F.R. Part 70. 57 Fed. Reg. 32295.
- 8. The Administrator approved Indiana's FESOP program as part of the Indiana SIP on August 18, 1995, with an effective date of October 17, 1995. 60 Fed. Reg. 43008.
- 9. The Administrator granted final approval of Indiana's Title V Permit Program on December 4, 2001, with an effective date of November 30, 2001. 66 Fed. Reg. 62969.
- 10. All sources subject to the Part 70 regulations shall have a permit to operate that assures compliance by the source with all applicable requirements. 40 C.F.R. § 70.1, July 21, 1992, as amended October 13, 2005. 57 Fed. Reg. 32295, as amended 70 Fed. Reg. 59887.

11. All terms and conditions in a Part 70 permit, including any provisions designed to limit a source's potential to emit, are enforceable by the Administrator and citizens under the Act. 40 C.F.R. § 70.6, July 21, 1992, as amended October 6, 2009. 57 Fed. Reg. 32295, as amended 74 Fed. Reg. 51439.

Factual Background

12. UTG owns and operates a trailer truck and railcar cleaning operation located at 1150 East 145th Street, in East Chicago, Indiana 46312.
13. UTG is a stationary source as defined in the Indiana SIP and the Act.
14. UTG is a stationary source located in Lake County, Indiana, which is non-attainment for ozone.
15. UTG is a major stationary source with the potential to emit VOC in quantities equal to or greater than 100 tons per year.
16. UTG is a major stationary source with the potential to emit at least 10 tons per year of a single hazardous air pollutant (HAP) and the potential to emit at least 25 tons per year of combined HAP.
17. UTG is an owner or operator of a facility required to obtain a permit under 326 IAC § 2-1-2 or 326 IAC § 2-1-4.
18. UTG is a source required to have a Part 70 permit. 326 IAC 2-7-2(a).
19. UTG applied for a FESOP to the Indiana Department of Environmental Management (IDEM) on September 26, 2001.
20. IDEM issued a FESOP to UTG on October 21, 2004 (2004 FESOP) with an expiration date of October 21, 2009.
21. UTG proposed a modification and related revisions to its 2004 FESOP through an application submitted on January 17, 2008. The proposed modification would increase emissions of VOC by 15 pounds or more per day from an existing source that emits or has the potential to emit twenty-five tons per year or more of VOC.
22. IDEM approved a significant permit revision to the 2004 FESOP, and incorporated it into the renewal FESOP issued on April 29, 2008 (2008 FESOP), with an expiration date of October 21, 2009.
23. IDEM issued a renewal FESOP to UTG on July 21, 2009 (2009 FESOP) with an expiration date of July 21, 2019.

24. The 2004, 2008, and 2009 FESOPs each include the following emission unit descriptions:
- a. One railcar cleaning operation, constructed in 1989, venting to building B, without controls, which exhausts to vent B.
 - b. One tank truck cleaning operation, constructed in 1990, venting to building A, without controls, which exhausts to vent A.
 - c. One pressurized railcar purging/degassing operation, constructed in 1990, with a maximum capacity of 1 railcar per two hours, and emissions controlled by a flare with a natural gas-fired pilot, exhausting to stack S-1.
 - d. Natural gas-fired combustion sources with heat input equal to or less than ten million British thermal units (MMBtu) per hour (hr): one 0.38 MMBtu/hr boiler used to generate steam for cleaning and facility heat.
 - e. Paved and unpaved roads and parking lots with public access.
 - f. Grinding and machining operations controlled with fabric filters, scrubbers, mist collectors, wet collectors, and electrostatic precipitators with a design grain loading of less than or equal to three one-hundredths grains per actual cubic foot and a gas flow rate less than or equal to four thousand actual cubic feet per minute: one portable shotblasting unit used to remove railcar liners.
25. The 2004, 2008, and 2009 FESOPs each include emission limitations and standards that are designed to limit UTG's capacity to emit any pollutant. Compliance with these limitations and standards ensure UTG does not fall under any of the source categories listed in 326 IAC 2-7-2(a) which would require it to obtain a Title V permit.
26. The 2004, 2008, and 2009 FESOPs each include monitoring, record keeping, and reporting requirements. These requirements create, maintain, and summarize information needed to evaluate continuous compliance with applicable requirements including the limitations on UTG's capacity to emit any pollutant.
27. Any condition established in a permit issued pursuant to a permitting program approved in the SIP remains in effect until: (a) the condition is modified in a subsequent permit action pursuant to Title 1 of the Clean Air Act, or (b) the emission unit to which the condition pertains permanently ceases operation. [Condition B.3., 2009 FESOP]
28. The 2009 FESOP states that the purpose of the permit is to limit UTG's potential to emit less than major source levels for the purpose of Section 502(a) of the Act. Specifically, the permit specifies the following limitations: [Condition C.1.(a)(1-4), Conditions D.1.1, D.1.2., and D.2.1, 2009 FESOP]
- a. The potential to emit VOC from the entire source is limited to less than twenty-five tons per twelve consecutive month period;

- b. The potential to emit any regulated pollutant from the entire source, except particulate matter (PM) and VOC, is limited to less than one hundred tons per twelve consecutive month period;
 - c. The potential to emit any individual HAP from the entire source is limited to less than ten tons per twelve consecutive month period; and
 - d. The potential to emit any combination of HAP from the entire source is limited to less than twenty-five tons per twelve consecutive month period.
29. UTG is required to keep records of all required monitoring data, reports, and support information required by its permit for a period of at least five years. [Condition C.17, 2009 FESOP]
30. UTG's permit restricts the trucks and railcars that can be cleaned to those that contain VOC/HAP that meet the following limitations:
- a. For tank trucks or non-pressurized railcars, UTG cannot clean any that contain:
 - i. VOC with a vapor pressure greater than 30 millimeters of mercury at 25 degrees Celsius (mmHg at 25° C). [Condition D.1.1.(b), 2009 FESOP]
 - ii. HAP with a vapor pressure greater than 30 mmHg at 25° C. [Condition D.1.2.(b), 2009 FESOP]
 - b. For pressurized railcars, UTG is prohibited from cleaning any that contain VOC or HAP with a vapor pressure greater than 95 mmHg at 25° C. [Condition D.2.1.(b), 2009 FESOP]
31. UTG's permit restricts the combined VOC and HAP emissions from the pressurized railcar purging and degassing operation to no more than 4.88 tons per twelve consecutive month period. [Condition D.2.1.(a), 2009 FESOP]
32. UTG is required to demonstrate compliance with the combined VOC and HAP emission limitation on a monthly basis, within 30 days following the end of each month. [Condition D.2.5, 2009 FESOP]
33. UTG is required to demonstrate compliance with the combined VOC and HAP emission limitation based on the total VOC and HAP combusted in the flare during the previous 12 month period, using the following equation. [Condition D.2.5, 2009 FESOP]
- $$\text{VOC/HAP emitted} = \text{SUM} [\text{gas flow rate}_i \times \text{time}_i] \times \text{VOC/HAP emission factor}$$
- $$\text{VOC/HAP emitted} = \text{SUM} [\text{gas flow rate}_i \times \text{time}_i] \times 0.985 \text{ lb/1,000 ft}^3 \text{ gas}$$
34. UTG is required to demonstrate compliance with Condition D.2.1.(a) by maintaining records of the: (1) gas flow rate during all purging and degassing operations; (2) total

elapsed time at each gas flow rate during all purging and degassing operations; and (3) total VOC and HAP emissions from each railcar processed in the purging and degassing operation.

35. UTG is required to document compliance with Condition D.2.1.(b) by maintaining records of the: (1) contents of all railcars and (2) vapor pressures of the contents. [Condition D.2.9.(b)(1-2), 2009 FESOP]
36. UTG is required to develop a preventative maintenance plan (PMP), in accordance with Section B of the permit, for the facility and its control device. [Conditions B.11.(a), D.1.4. and D.2.3., 2009 FESOP]
37. UTG is required to use a flare to control VOC and HAP emissions exhausting to stack S-1. The flare must be installed, calibrated, and maintained according to the manufacturer's specifications and operated at all times when emissions may be vented to it. [Conditions D.2.1 and D.2.4.(a)(1), 2009 FESOP]
38. In conjunction with the flare, UTG is required to install, calibrate, maintain, and operate a heat sensing device, such as an ultraviolet beam sensor or thermocouple, at the pilot light or the flame itself, to indicate the continuous presence of a flame. [Condition D.2.4.(b)(1), 2009 FESOP]
39. UTG must continuously monitor the presence of a flare pilot flame using a thermocouple or any other equivalent device to detect the presence of a flame. [Condition D.2.8., 2009 FESOP]
40. To address fugitive PM, UTG is required to comply with the opacity limits specified in Condition C.6. by controlling fugitive particulate matter emissions according to the Fugitive Dust Control Plan submitted on March 11, 2002. The plan indicates that the fugitive emissions will be controlled by spraying the paved and unpaved roads with water on an as-needed basis. [Condition D.3.2., 2009 FESOP]
41. The 2004 FESOP was in effect from October 21, 2004 through April 29, 2008.
42. The 2004 FESOP included a short term hourly VOC emission limit of 1.11 lbs-VOC/hr for the pressurized railcar purging and degassing operation flare stack exhaust (S-1).
43. UTG conducted emissions testing at the pressurized railcar purging and degassing operation flare stack exhaust (S-1) on October 25, 2007. The railcars vented to the flare during this testing had been carrying propane.
44. The October 25, 2007, emissions test showed average VOC emissions of 1.25 lbs-VOC/hr, which is higher than the allowable limit in the 2004 FESOP.

45. The 2008 FESOP replaced the short term hourly VOC and HAP emission limit from the 2004 FESOP with a long term VOC and HAP emission limit of 4.88 tons per twelve consecutive month period, a calculation methodology using gas flows to the flare (as measured using a continuous chart recorder for gas flow rates), and an emission factor of 0.985 lbs-VOC/1,000 scf of gas burned. The emission factor is based on the October 25, 2007, emissions testing with a 25 percent increase to account for possible VOC destruction inefficiencies at higher flow rates.
46. The 2009 FESOP retained the long term VOC and HAP emission limit and calculation methodology from the 2008 FESOP to determine emissions from the pressurized purging and degassing operation.
47. UTG conducted emissions testing at the pressurized railcar purging/degassing operation – flare stack exhaust (S-1) on October 26, 2012. The railcars vented to the flare during this testing had been carrying propylene.
48. The October 26, 2012, emissions test showed average VOC emissions of 0.012 lbs-VOC per one-thousand cubic feet of gas.
49. Following the 2012 performance testing, UTG began using the 0.012 lbs-VOC/1,000 scf as the emission factor for the calculation methodology in the 2009 FESOP rather than using the 0.985 lbs-VOC/1,000 scf emission factor specified in the permit.
50. UTG did not modify the 2009 FESOP to incorporate the new emission factor determined from the October 26, 2012 emission testing data.
51. EPA conducted an announced inspection at UTG on January 29, 2013 (the Inspection).
52. During the Inspection, UTG was unable to provide a copy of its PMP.
53. UTG was also unable to provide documentation tracking the vapor pressure of the contents of the tanker trucks and railroad tank cars.
54. During the inspection, EPA observed two monitoring devices at the flare, neither of which was a heat sensing device. One device appeared to be monitoring volume of gas sent to the flare and the other appeared to record the times of operation of the flare or flow of gas from the tank to the flare. EPA did not observe any other monitoring devices.

Explanation of Violations

55. UTG's failure to have a PMP as required by the 2009 FESOP is a violation of Conditions B.11, D.1.4., and D.2.3. of the 2009 FESOP, 326 IAC 1-6-3 and 326 IAC 2-8-4 of the Indiana SIP, and the Act.

56. UTG's failure to maintain records of the vapor pressures of contents in tank trucks, non-pressurized railcars, pressurized tankers, or pressurized railcars, as required by the 2009 FESOP is a violation of Conditions D.1.5. and D.2.9.(b) of the 2009 FESOP, 326 IAC 2-8-4 of the Indiana SIP, and the Act.
57. UTG is not using the calculation methodology required by the 2009 FESOP to calculate VOC and HAP emissions from the purging and degassing operation. UTG's failure to use the correct calculation methodology to determine VOC and HAP emissions from the purging and degassing operation is a violation of Condition D.2.5. of the 2009 FESOP, 326 IAC 2-8 of the Indiana SIP, and the Act.
58. UTG exceeded the VOC and HAP emission limit of 4.88 tons per twelve consecutive month period in the 2009 FESOP for at least the twelve consecutive month periods ending October 2012, November 2012, and December 2012. UTG's failure to comply with the 4.88 tons per twelve consecutive month period VOC and HAP emission limit is a violation of Condition D.2.1.(a) of the 2009 FESOP, 326 IAC 2-8 of the Indiana SIP, and the Act.
59. UTG's failure to maintain a heat sensing device as required by the 2009 FESOP is a violation of Condition D.2.4.(b)(1) of the 2009 FESOP, 326 IAC 2-8 of the Indiana SIP, and the Act.
60. UTG's failure to implement the fugitive dust control plan required by and incorporated into the 2009 FESOP is a violation of conditions C.6., D.3.2., and Appendix A of the 2009 FESOP, 326 IAC 6-4-2, 326 IAC 6.8-10 and 326 IAC 2-8-4 of the Indiana SIP, and the Act.
61. UTG is not maintaining adequate combustion of gases with appropriate heating values at the flare such that it achieves a ninety-eight percent destruction efficiency for VOC and HAP as intended by the manufacturer's specifications. UTG's failure to maintain and operate the flare to achieve a ninety-eight percent destruction efficiency of VOC and HAP is a violation of Condition D.2.4.(a) of the 2009 FESOP, 326 IAC 2-8, 326 IAC 8-7-3, and 326 IAC 8-7-4 of the Indiana SIP, and the Act.

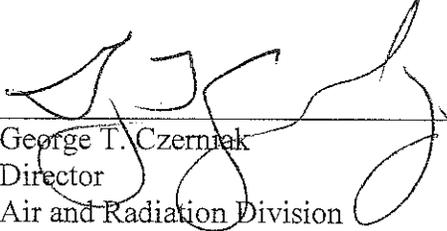
Environmental Impact of Violations

62. Violation of requirements to minimize visible emissions through dust suppression practices or good air pollution control practices increases public exposure to unhealthy particulate matter. Particulate matter, especially fine particulate matter, contributes to respiratory problems and lung damage.
63. Violations of requirements to adequately control, reduce, and minimize VOC through combustion and operational practices increases the public exposure to unhealthy VOC. It also impacts the ability of the affected area, currently non-attainment for ozone, to attain and maintain national ambient air quality standards for ozone which are designed to protect the public health and welfare. Ozone contributes to respiratory problems and lung damage.

64. Violations of requirements to adequately control, reduce, and minimize HAP through combustion and operational practices increases the public exposure to HAP. HAP, depending on the particular HAP to which the public is exposed, can cause a variety of public health problems.

Date

6/30/15


George T. Czerniak
Director
Air and Radiation Division

CERTIFICATE OF MAILING

I, Loretta Shaffer, certify that I sent a Notice and Finding of Violation, No. EPA-5-15-IN-08, by Certified Mail, Return Receipt Requested, to:

Michael Pellin, President
United Transportation Group, Inc.
1150 East 145th Street
East Chicago, Indiana 46312

I also certify that I sent copies of the Notice of Violation and Finding of Violation by first-class mail to:

Phil Perry, Chief
Air Compliance Branch
Indiana Department of Environmental Management
100 North Senate Avenue
Indianapolis, Indiana 46204

On the 30th day of June 2015.

for Kathy Jones
Loretta Shaffer
Program Technician
AECAB, PAS

CERTIFIED MAIL RECEIPT NUMBER:

7009 1680 0000 7644 3388