



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

JUL 1 2011

REPLY TO THE ATTENTION OF:

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Chad Erdmann, Manager  
Energy and Environmental Engineering  
Keystone Steel & Wire Co.  
7000 S. W. Adams Street  
Peoria, Illinois 61641

Re: Notice and Finding of Violation at Keystone Steel & Wire, Co., Peoria, Illinois

Dear Mr. Erdmann:

The U.S. Environmental Protection Agency is issuing the enclosed Notice of Violation and Finding of Violation (NOV/FOV) to Keystone Steel & Wire Company (Keystone or facility). This NOV/FOV is issued in accordance with Section 113(a) of the Clean Air Act (the Act), 42 U.S.C. § 7413(a).

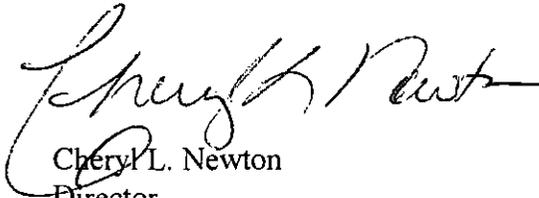
EPA performed an inspection at the facility on April 13, 2011 after previously issuing requests for information and an NOV/FOV to Keystone. Based on the April 13, 2011 inspection and Keystone's responses to EPA's information requests, EPA finds that Keystone failed to properly control air emissions and install a baghouse in accordance with terms and conditions of its Prevention of Significant Deterioration (PSD) construction permit issued on June 1, 2000, Application No. 99020046 (the PSD Permit).

Specifically, EPA has determined that Keystone has violated its PSD Permit, the Illinois State Implementation Plan, the PSD provision of the Act, 42 U.S.C. §§ 7470-7479, and operating permit requirements under Title V of the Act, 42 U.S.C. §§ 7661 - 7661e.

We are offering you the opportunity to request a conference with us about the violations alleged in the NOV/FOV. You should request a conference within 10 days following receipt of this notice, and the conference should be held within 30 days. This conference will provide you with a chance to present information on the identified violations, any efforts you have taken to comply and the steps you will take to prevent future violations. Please plan for your facility's technical and management personnel to take part in these discussions. You may have an attorney accompany you at this conference.

The EPA contact in this matter is Gina Harrison. You may call her at (312) 353-6956 if you wish to request a conference. EPA hopes this NOV/FOV will encourage Keystone to comply with the requirements of the CAA.

Sincerely,

A handwritten signature in cursive script, appearing to read "Cheryl L. Newton".

Cheryl L. Newton  
Director  
Air and Radiation Division

Enclosure

cc: Ray Pilapil, Bureau of Air  
Illinois Environmental Protection Agency

**United States Environmental Protection Agency  
Region 5**

**IN THE MATTER OF:**

**Keystone Steel & Wire Co.  
Peoria, Illinois**

**NOTICE OF VIOLATION and  
FINDING OF VIOLATION**

**EPA-5-11-IL-09**

**Proceedings Pursuant to  
the Clean Air Act,  
42 U.S.C. §§ 7401 et seq.**

**NOTICE AND FINDING OF VIOLATION**

Keystone Steel & Wire (you or Keystone) owns and operates a steel mill located at 7000 S.W. Adams Street, Peoria, Illinois (facility). Keystone owns and operates an Electric Arc Furnace (EAF) and a Ladle Metallurgical Furnace (LMF) at the facility, both of which are located in the Arc Shop.

The U.S. Environmental Protection Agency is sending this Notice and Finding of Violation (NOV/FOV) to notify you that we have found that Keystone has violated the following provisions of the Clean Air Act (the Act or CAA): the Prevention of Significant Deterioration (PSD) provisions of the Act; the Illinois State Implementation Plan (SIP); and the Illinois Title V Permit Program.

**Applicable Permits and Regulations**

**Title V Requirements**

1. Section 502(a) of the CAA, 42 U.S.C. § 7661a(a), provides that no source may operate without a Title V permit after the effective date of any permit program approved or promulgated under Title V of the Act. EPA first promulgated regulations governing state operating permit programs on July 21, 1992. See 57 Fed. Reg. 32295; 40 C.F.R. Part 70. EPA promulgated regulations governing the federal operating permit program on July 1, 1996. See 61 Fed. Reg. 34228; 40 C.F.R. Part 71.
2. Section 503 of the CAA, 42 U.S.C. § 7661b, sets forth the requirement to timely submit an application for a Title V operating permit and provides the information required to be submitted with the application.
3. Section 504(a) of the CAA, 42 U.S.C. § 7661c(a), requires that each Title V permit include enforceable emission limitations and standards, a schedule of compliance, and other conditions necessary to assure compliance with applicable requirements, including those contained in a state implementation plan. 42 U.S.C. § 7661c(a).

## State Implementation Plan

22. Section 110(a)(1) of the CAA requires each state to adopt and submit to EPA a SIP including provisions for implementation, maintenance, and enforcement of the promulgated NAAQS within the state.
23. On April 7, 1980, EPA incorporated the provisions of 40 C.F.R. § 52.21(b) through (w) into the Illinois SIP, codified at 40 C.F.R. § 52.738. 45 Fed. Reg. 52741. EPA delegated to the IEPA the authority to review and process PSD permit applications and to implement the federal PSD program. 46 Fed. Reg. 9584.
24. Pursuant to 40 C.F.R. § 52.23, failure to comply with any approved regulatory provision of a SIP, or with any permit condition issued pursuant to approved or promulgated regulations for the review of new or modified stationary or indirect sources, renders the person so failing to comply in violation of a requirement of an applicable implementation plan and subject to enforcement under Section 113 of the Act, 42 U.S.C. § 7413.

## Factual Background

25. At all times relevant to this NOV/FOV, Keystone has been the owner and/or operator of the steel mill at 7000 S.W. Adams Street, Peoria, Illinois.
26. The facility is a steel mill plant and is a major source, as that term is defined by 40 C.F.R. § 52.21(b)(1)(i)(a).
27. At the facility Keystone operates an EAF and an LMF, which are identified in its PSD and Title V permits. Both furnaces were constructed in 1987 and are located in the Arc Shop.
28. During all times relevant to this NOV/FOV, Keystone was located in an area classified as attainment under the NAAQS.
29. In February 1999, Keystone applied to IEPA for a PSD construction permit to increase production at its Arc Shop. In its application, Keystone stated: "*... This production increase will necessitate an increase in the ventilation system capacity to accommodate the increased generation of heat and air pollutants. Keystone proposes to provide the additional air flow by tying in the baghouse which formerly controlled emissions from the now-defunct caster building and replacing the existing bags in all baghouses with new lower resistance bags that will increase the air flow by 10 per cent without sacrificing control efficiency. Figure 1.4 illustrates the proposed ventilation system. Currently, the total air flow to the two existing baghouses is 660,000 acfm [actual cubic feet per minute]. The caster baghouse is rated at 230,000 acfm. Therefore, the total air flow available to the Arc Shop will be increased to 980,000 acfm by adding the caster baghouse and installing the new bags. This corresponds to an increase of 48 percent, which is comparable to the increase in production rate.*"

30. In its February 1999 application, Keystone included two diagrams of the Arc Shop as “Figure 1.4” on page 4 labeled “Current Arc Shop Configuration” and “Proposed Arc Shop Configuration.” The “proposed” configuration shows the addition of an additional baghouse system.
31. IEPA issued PSD Permit number 99020046 (PSD Permit) to Keystone authorizing the expansion of the Arc Shop on June 1, 2000.
32. Keystone’s PSD permit requires Keystone to “upgrade particulate matter control by installing an additional baghouse . . .” Special Condition 6 of the permit requires Keystone to duct captured emissions to “baghouses.”
33. Keystone’s PSD permit states that the application is the foundation of the authorization to construct:

“Permit is hereby granted to the above-designated Permittee to construct emissions sources and/or air pollution control equipment, consisting of physical and operational improvements to the Arc Shop to increase steel production *as described in the above referenced application.*” (emphasis added.)

“In conjunction with this permit, approval is given with respect to the federal rules for Prevention of Significant Deterioration of Air Quality Regulations (PSD) for the above referenced equipment *as described in the application*, in that the [IEPA] *finds that the application fulfills all applicable requirements* of 40 CFR 52.21.” (emphasis added.)

“The project must be designed, constructed and operated with (i) all applicable Board emission limits, (ii) [BACT] on emissions of PM, SO<sub>2</sub>, NO<sub>x</sub>, CO, and Pb, and (iii) [NSPS]. *The application submitted by Keystone, as reviewed by the [IEPA] shows that the project will comply with these requirements.*” (emphasis added.)

“The [IEPA] *has determined that the application for the proposed project* complies with all applicable Illinois Air Pollution Control Board Regulations and [PSD].” (emphasis added.)

“The [IEPA] is issuing approval subject to the following conditions and *consistent with the specifications and data included in the application. Any departure from the conditions of this approval or terms expressed in the application would need to receive prior written authorization from the [IEPA].*” (emphasis added.)

34. In its July 1, 2005, response to EPA’s May 2005 Information Request under Section 114 of the Act, 42 U.S.C. § 7414, asking for physical changes undertaken at the facility in accordance with the June 2000 PSD permit, Keystone stated:

“As part of the project [authorized under the June 2000 PSD Permit], Keystone is also permitted to increase baghouse capacity through using the former caster builder baghouse to capture arc shop emissions and by replacing the existing baghouse bags with more efficient bags. These changes, when fully implemented, will allow for an increase in production to a maximum permitted annual production rate of 1,200,000 tons and total air flow to a level of 980,000 acfm. . . Keystone is currently looking at the best way to connect the existing 230,000 CFM Caster baghouse into the Arc Shop dust collection system. The original concept had been to leave the baghouse in its present location and add a significant length of ducting to connect it to the Arc Shop system. . . Another alternative would be to construct a new baghouse. Due to the large capital required to install the new baghouse and due to our financial situation, *Keystone has not completed this project.*

35. IEPA issued a Title V Permit, number 95120288 (Title V Permit), to Keystone on November 26, 2003, which incorporates all requirements under Keystone’s PSD Permit, including emissions limits and operational requirements. The PSD Permit is included as Attachment 7 to the Title V Permit. Keystone applied for the Title V Permit in 1995.
36. EPA issued Section 114 Information Requests to Keystone on September 17, 2008, and November 17, 2008.
37. Keystone responded to the Section 114 Information Requests listed in the preceding paragraph on October 9, 2008, November 7, 2008, December 15, 2008, and a supplemental response on January 5, 2009.
38. EPA inspected Keystone’s facility on September 12, 2008, and April 13, 2011. Inspectors noted the presence and operation of only two baghouses during each inspection.

#### **Violations of Title V and PSD**

39. By violating the conditions of its PSD Permit that require the installation of the third baghouse and operation of the facility with three baghouses, Keystone has violated and continues to violate Section 165(a) of the Act, 42 U.S.C. § 7475(a) and the PSD regulations at 40 C.F.R. § 52.21 incorporated into the Illinois SIP by modifying the Arc Shop without installing an additional baghouse and operating the facility with three baghouses.
40. Since November 23, 2003, Keystone has: failed to supplement or correct an application for a Title V Permit submitted in 1995 and submit a complete Title V permit application in 2008 to include information pertaining to the baghouse control system and all other applicable requirements under the Act, including but not limited to the requirement to install, apply and operate BACT for PM; failed to install a third baghouse in violation of terms and conditions of its Title V Permit; and has been operating the facility with a deficient Title V Permit that does not contain all applicable requirements under the Act

since at least 2003. These acts and omissions constitute violations of Sections 502, 503 and 504 of the Act, 42 U.S.C. §§ 7661a, 7661b and 7661c; the regulations at 40 C.F.R. Part 70, including, but not limited to, 40 C.F.R. §§ 70.1(b), 70.5(a), (b) and (c), 70.6 and 70.7(b); and the Illinois CAAPP, 415 Ill. Comp. Stat 5/39.5.

**Environmental Impact of Violations**

41. Violations of the particulate matter standards and control requirements increase public exposure to unhealthy particulate matter. Particulate matter, especially fine particulate, contributes to respiratory problems, lung damage and premature deaths.

7/1/11  
Date

  
Cheryl L. Newton  
Director  
Air and Radiation Division

**CERTIFICATE OF MAILING**

I, Tracy Jamison, certify that I sent a Notice and Finding of Violation, No. EPA-5-11-IL-09, by Certified Mail, Return Receipt Requested, to:

Chad Erdmann  
Keystone Steel & Wire Co.  
7000 S. W. Adams Street  
Peoria, Illinois 61641

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

Ray Pilapil  
Bureau of Air  
Illinois Environmental Protection Agency  
P.O. Box 19276  
Springfield, Illinois 62794-9276

on the 6<sup>th</sup> day of July 2011.

Betty Williams for Tracy Jamison  
Tracy Jamison  
Office Automation Assistant  
PAS

Certified Mail Receipt Number: 7009168000076666350