



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

MAY 17 2007

REPLY TO THE ATTENTION OF:

(AR-18J)

Lynn Fiedler, Supervisor
Permit Section
Michigan Department of
Environmental Quality
P.O. Box 30260
Lansing, MI 48909-7760

Re: Michigan Sugar Company
Permit No. 223-05A

Dear Ms. Fiedler:

I am writing as a follow-up to my letter of December 4, 2006, in which I identified certain concerns with regard to the emission limits contained in the July 11, 2006 installation permit issued by the Michigan Department of Environmental Quality to the Michigan Sugar Company for its three existing rotary pulp dryers in Bay City, Michigan. In light of recent discussion by Michigan Sugar, U.S. Environmental Protection Agency (U.S. EPA) is withdrawing its letter of December 4, 2006 as explained herein.

As background, on May 18, 2006, the Michigan Department of Environmental Quality proposed for comment the Prevention of Significant Deterioration permit number 223-05A for Michigan Sugar Company - Bay City Facility, for the proposed installation of a fluidized bed steam pulp dryer at the existing facility, the addition of volatile organic compound and carbon monoxide emission limits, and the inclusion of a removal schedule for two of the three existing natural gas fired pulp dryers. During the Region 5 review of the proposed permit, U.S. EPA permitting staff became aware of an outstanding Federal Notice of Violation for alleged increases of hours of operation of Dryer #1, #2 and #3 and installation of Dryer #3, without application of Lowest Achievable Emission Rate for volatile organic compound emissions and Best Available Control Technology for carbon monoxide emissions. The area was non-attainment for ozone.

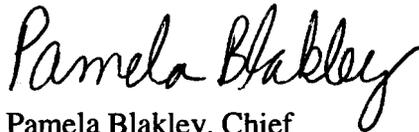
On June 19, 2006, Region 5 commented on three aspects of the proposed permit: (1) lack of methods to determine the compliance status with volatile organic compound and carbon monoxide limits, (2) the high margin of error for volatile organic compound and carbon monoxide limits, and (3) the cost analysis for the thermal oxidizer. In addition, because at the time of construction and modification of the three existing pulp dryers, Bay County was classified as non-attainment for ozone, U.S. EPA commented that the appropriate technology standard for volatile organic compound emissions should have been Lowest Achievable Emission Rate instead of Best Available Control Technology.

On June 29, 2006, the Michigan Department of Environmental Quality responded to Region 5 comments. While Region 5 noted several permit provisions that were problematic in its comments, the most significant comment related to the applicable emission limits for Dryer Nos. 1, 2 and 3. The Michigan Department of Environmental Quality's response to this comment was that the Lowest Achievable Emission Rate for Pulp Dryers 1, 2, and 3 was no different than the Best Available Control Technology, whether determined in 1984, 1995, or 2006. The Michigan Department of Environmental Quality issued the permit on July 11, 2006.

It has recently come to my attention the Michigan Sugar has decided to permanently discontinue operation of the existing dryers. Under such circumstances, please be advised that we would no longer have concerns about the July 11th permit's emission limits for those units. We are today withdrawing our letter of December 4, 2006.

If you have any questions about the above, please do not hesitate to contact me.

Sincerely yours,

A handwritten signature in cursive script that reads "Pamela Blakley". The signature is written in black ink and is positioned above the typed name and title.

Pamela Blakley, Chief
Air Permits Section