



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 5

77 WEST JACKSON BOULEVARD

CHICAGO, IL 60604-3590

NOV 07 2013

REPLY TO THE ATTENTION OF:

Mr. Steven Pak, P.E.  
Supervisor, Air Quality Permits Unit 2  
Air Quality Permits Section  
Industrial Division  
Minnesota Pollution Control Agency  
520 Lafayette Road  
St. Paul, Minnesota 55155-4194

Dear Mr. Pak:

This letter responds to the Minnesota Pollution Control Agency's (MPCA) request that the U.S. Environmental Protection Agency provide advice on how they should respond to a request for an extension of the deadline for commencing construction for the Prevention of Significant Deterioration (PSD) permit for the U.S. Steel Corporation Keetac Expansion Project (KEP), pursuant to 40 CFR 52.21(r)(2). The MPCA issued the initial PSD permit for the KEP on September 14, 2011. This initial permit was set to expire on March 14, 2013, if construction had not commenced by that date. U.S. Steel submitted its request for an extension of the final PSD permit's deadline for commencing construction for the KEP with its proposed justification on March 7, 2013, which was prior to the expiration of their PSD permit.

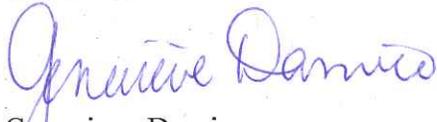
EPA's PSD regulations provide that approval to construct shall become invalid if construction is not commenced within 18 months after receipt of such approval. 40 CFR 52.21(r)(2). This regulation further provides that EPA may extend the 18-month period upon a satisfactory showing that an extension is justified. Since MPCA administers a PSD permitting program under a delegation of EPA Region 5's authority under section 52.21 of EPA regulations, MPCA may issue extensions of PSD permits under section 52.21(r)(2) as EPA's delegate.

In letters dated March 7, 2013, and September 20, 2013, U.S. Steel provided detailed information concerning the basis for its permit extension request, including a justification for why U.S. Steel has been unable to commence construction on the KEP. This information included several factors, including the delayed process for wetlands permits, economic recession, and increased project cost. The letters explained that while U.S. Steel was authorized under the PSD program to commence construction on the KEP, its Clean Water Act (CWA) Section 404 permit was not issued until almost 12 months after the PSD permit issuance date (October 2012). Furthermore, U.S. Steel explained that the construction delays and project refinement increased the engineering costs of the KEP and that the global economic recession, the weak steel demand, oversupply and increased steel imports had significantly lowered the demand for its products and prevented it from commencing construction.

Considering all the factors described above, EPA's view is that U.S. Steel has provided sufficient justification for an 18-month extension of the final PSD permit deadline for commencing construction pursuant to 40 CFR 52.21(r)(2). Therefore, EPA would be comfortable with MPCA granting an 18-month extension of the deadline for commencing construction under the PSD permit for the KEP. Since no permit terms need to be changed, other than the issuance/expiration date of the permit, EPA does not believe it is necessary for MPCA to provide an opportunity for public notice and comment before granting this extension under the federal program requirements. Once the extension is granted, MPCA should follow their standard process to provide notification to interested parties about the decision to grant this permit extension request.

Please do not hesitate to contact me at (312) 353-4761 or Rachel Rineheart, of my staff, at (312) 886-7017 if you have any questions concerning this response.

Sincerely,



Genevieve Damico  
Chief  
Air Permits Section