

December 21, 2000

AR-18J

Ann Foss, Section Manager  
North/South Major Facilities  
Air Quality Division  
Minnesota Pollution Control Agency  
520 Lafayette Road  
St. Paul, Minnesota 55155

Dear Ms. Foss:

The purpose of this letter is to raise our concerns regarding review of sources subject to Prevention of Significant Deterioration (PSD) permitting, especially in light of issues raised by the recently proposed PSD permit for Potlatch Corporation in Grand Rapids, Minnesota. Though this letter, we also encourage Minnesota Pollution Control Agency (MPCA) permitting staff to raise any controversial, outstanding, or unusual permitting matters to us as early in the permitting process as possible.

As you know, PSD Best Available Control Technology (BACT) requirements should represent both the control technology and emission limitations for the source or modification that reflect the current maximum degree of reduction achievable for each pollutant subject to PSD review, taking into account technical, energy, environmental, and economic factors. Due to improvements with time in control technologies, costs, and operations, BACT limitations determined for a unit previously may not be still appropriate for the same unit being installed today. This continuing improvement in controls at a given source is one of the underlying philosophies of the New Source Review program. Thus, a current BACT analysis is required each time a PSD permit is requested for a major new source or a major modification to an existing source. Similarly, a current source impact and an air quality analysis is required for each PSD permit application, because minor source growth, both at the facility and in the surrounding area, may have occurred in the interim.

In the case of the Potlatch Corporation, our office received a PSD permit for it on October 23, 2000. Potlatch proposed to replace four existing rotary wood dryers with four new rotary

wood dryers of the same rated capacity as the old ones. Potlatch plans to use the old pollution controls on the new dryers.

Potlatch's proposed project triggered PSD review for particulate matter (PM), particulate matter less than ten microns (PM<sub>10</sub>), nitrogen oxides (NOx), and volatile organic compounds (VOC). Therefore, PSD regulations require Potlatch to conduct a control technology review, a source impact analysis, and an air quality analysis for these pollutants.

The supporting documentation we received for the PSD permit indicated that Potlatch did not fully comply with the above procedures for obtaining a PSD permit. This documentation stated that Potlatch did not conduct a new BACT analysis nor a new total facility air quality analysis. Instead, Potlatch relied on a past PSD analysis for a permit issued in 1995 to this source for its old dryers. Potlatch asserted that the control technology chosen then represents the highest degree of control and was the top control alternatives in the 1995 top-down BACT analysis for PM, PM<sub>10</sub>, and VOCs. No controls were considered at that time for BACT for NOx.

The Potlatch permit showed that indeed the actual emissions for the rotary wood dryers, as well as for the total facility (GP 001 and 002 units) permitted, were much less than the BACT limits assigned in 1995. Thus, the source is able to achieve lower emission limitations than those found in the 1995 BACT analysis for the source, and the 1995 BACT analysis is out of date. However, it is also our understanding that the MPCA PSD permit to Potlatch, when issued, will impose significantly more stringent emission limits than those imposed in the 1995 permit. Based on the modification of the 1995 BACT analysis by the imposition of the more stringent emission limits, and the negative finding in our review of whether new, better control technologies are available; we have decided to not appeal this permit to the Environmental Appeals Board. Instead, we decided to send this letter reminding you of the PSD requirement that sources conduct current analyses whenever they submit PSD applications.

We strongly encourage MPCA permit staff to raise any issues such as the one described above, to us as early in the permit process as possible, especially in situations involving PSD review. This will prevent delays in the permitting process while we jointly seek an acceptable solution, which benefits the source, you, and us.

It is always a pleasure working with the MPCA permitting staff, and we look forward to continuing our cooperative relationship in assuring that permits are issued which meet both the spirit and the requirements of the Clean Air Act. If you or your staff have any questions on this letter, please contact me at (312) 353-0396 or Shaheerah Fateen at (312) 353-4779.

Sincerely yours,

/s/

Robert B. Miller, Chief  
Permits and Grants Section