

**PART 71 FEDERAL OPERATING PERMIT
DRAFT STATEMENT OF BASIS**

**Morongo Casino Cogeneration Facility
Permit No. MO-OP 05-01**

1. Facility Information

_____ a. Permittee

Morongo Casino Cogeneration Facility
11581 Potrero Rd.
Banning, CA 92220

b. _____ Facility location

The Morongo Casino Cogeneration Facility (MCC) is located on the reservation of the Morongo Band of Mission Indians in the city of Banning in Riverside County, CA.

c. _____ Contact information

Facility Contact: Allen Parker, Chief Administrative Officer
(951) 849-8807

Responsible Official: Maurice Lyons, Tribal Council Chairman
(951) 849-4697

d. _____ Description of operations, products

The facility is a 8.4 megawatt cogeneration facility consisting of four 4-stroke, lean-burn CAT G3520 natural gas-fired engines, and three 4-stroke CAT 3516 backup diesel-fired generators.

e. _____ Permitting and/or construction history

MCC is a new facility that was constructed in 2004. EPA issued an Administrative Order on Consent to MCC on June 4, 2004, which limited the facility's potential to emit of NO_x and VOC to less than 10 tons per year.

f. _____ Emission-generating units and activities

Table 1. Emission-generating units and activities

Emission Unit I.D. No.	Unit Description	Associated Control Equipment
EG-1	Caterpillar G3520 natural gas-fired generator	selective catalytic reduction (SCR) unit and oxidation catalyst
EG-2	Caterpillar G3520 natural gas-fired generator	selective catalytic reduction (SCR) unit and oxidation catalyst
EG-3	Caterpillar G3520 natural gas-fired generator	selective catalytic reduction (SCR) unit and oxidation catalyst
EG-4	Caterpillar G3520 natural gas-fired generator	selective catalytic reduction (SCR) unit and oxidation catalyst
EG-5	Caterpillar 3516B diesel-fired generator	n/a
EG-6	Caterpillar 3516B diesel-fired generator	n/a
EG-7	Caterpillar 3516B diesel-fired generator	n/a

g. Potential to Emit

In order to avoid major source status, MCC has chosen to limit its NO_x and VOC emissions by taking federally enforceable limits on its potential to emit to stay below the 25 tpy major source threshold that applies in the ozone nonattainment area where the plant is located¹. 40 C.F.R. § 71.6(b) and section 304(f) of the 1990 Clean Air Act (42 U.S.C. 7604) provide discretionary authority to include PTE limits in Part 71 permits. Table 2 shows the unlimited potential to emit of each emission unit, as estimated by MCC in its permit application. These are not enforceable permit limits. Table 3 shows the facility-wide potential to emit, which is based on the applicant's estimates and reflects federally enforceable permit conditions limiting NO_x and VOC emissions to 17 tpy of each pollutant. These annual caps are the same, despite the fact that MCC estimates that its annual VOC emissions will be less than its NO_x emissions. EPA has structured the permit in this way in order to be able to use compliance with the annual NO_x

¹EPA has revoked the 1-hr ozone standard effective June 15, 2005, before the final Part 71 permit will be issued. Beginning on June 15, the NO_x and VOC major source thresholds for sources in the South Coast Air Basin (classified as severe-17 under the new 8-hour ozone standard) will be 25 tpy.

cap as a surrogate for compliance with the annual VOC cap. This allows EPA to avoid imposing additional VOC compliance requirements on MCC, while still assuring that annual VOC emissions will be below the major source threshold.

Table 2. Emission Unit Potential to Emit (in tons/year)

Unit	Pollutant					
	NO _x	VOC	SO ₂	PM ₁₀	CO	HAP
EG-1	2.47	2.47	0.24	0.89	9.90	1.47
EG-2	2.47	2.47	0.24	0.89	9.90	1.47
EG-3	2.47	2.47	0.24	0.89	9.90	1.47
EG-4	2.47	2.47	0.24	0.89	9.90	1.47
EG-5	2.40	0.05	0.04	0.02	0.05	NA
EG-6	2.40	0.05	0.04	0.02	0.05	NA
EG-7	2.40	0.05	0.04	0.02	0.05	NA

Table 3. Facility-wide Potential to Emit (in tons/year)

Pollutant					
NO _x	VOC	SO ₂	PM ₁₀	CO	HAP
17.0	17.0	1.08	3.62	39.75	5.88

2. Tribe Information

a. General

The reservation of the Morongo Band of Mission Indians covers more than 32,000 acres in southern California, west of Palm Springs and east of Los Angeles. Total population on the reservation is approximately 1,100, of which over 500 are tribal members. The Tribe runs a casino, and has significant wetlands on the upper acreage of the reservation.

b. Local air quality and attainment status

The Morongo reservation is part of the South Coast Air Basin, which is currently designated as attainment or unclassifiable for NO₂, SO₂, and lead, and nonattainment for 8-hour ozone, PM₁₀, PM_{2.5}, and CO. The area is classified as severe-17 for 8-hour ozone, and serious for PM₁₀ and CO.

3. Applicable Requirements

a. Stratospheric Ozone and Climate Protection (40 C.F.R. Part 82)

Based on its application, MCC does not currently engage in the activities regulated under this provision. Including these terms in the permit minimizes the need to reopen the permit if the facility does any maintenance, service, repair, or disposal of any equipment containing chlorofluorocarbons (CFCs), or contracts with someone to do this work.

b. NESHAP 40 C.F.R. Part 61, Subpart M - Demolition or Renovation Activity

Based on MCC's application, the facility is not currently engaged in the activities regulated under this provision. If MCC conducts any demolition or renovation activity, the permittee must assure that the project is in compliance with the federal rules governing asbestos including the requirement to conduct an inspection for the presence of asbestos. Including this term in the permit minimizes the need to reopen the permit if MCC ever conducts any demolition or renovation activity.

c. Table 4. Incorporation of Applicable Requirements into Part 71 Permit

Requirement	Condition/Section	Condition in Pt. 71 Permit	Description/Notes
Stratospheric Ozone Protection	40 C.F.R. 82	III.D	Requirements for treatment of class I and II substances
Asbestos NESHAP	40 C.F.R. 61, Subpart M	III.E	Requirements for demolition and renovation at facilities containing asbestos

d. Inapplicable Requirements

i. Chemical Accident Prevention Program (40 C.F.R. Part 68)

The Chemical Accident Prevention Program requires sources who use or store regulated substances above a certain threshold to develop plans to prevent accidental releases. Based on MCC's application, and the fact that MCC uses urea in its SCR systems instead of ammonia, MCC currently has no regulated substances above the threshold quantities in this rule and therefore is not subject to the requirement to develop and submit a risk management plan. Therefore this requirement has not been included in the permit. However, MCC has an ongoing responsibility to submit a risk management plan if a substance is listed that is present at the facility in quantities over the threshold amount.

4. Monitoring

EPA has added monitoring to the permit to assure compliance with the short term and annual emission limits that will limit MCC's NO_x and VOC PTE. Maintaining compliance with the annual NO_x limit through the use of the equation in Condition II.C.1. is expected to result in compliance with the annual VOC limit of 17 tons per year since VOC emission factors for the natural gas-fired engines and No. 2 fuel oil fired engines are equal to or less than the NO_x emission factors listed in the equation.

In order to determine compliance with the short-term NO_x emission limit for the gas-fired engines, the permit requires annual performance testing. Regular use of a portable NO_x analyzer is also required to determine if the engines might be exceeding the emission limit. The analyzer monitoring requires MCC to take corrective action if the NO_x concentration exceeds 12.0 ppmv @15% O₂, a conservative equivalent (assuming worst case operating scenario) of the NO_x mass emission limit for the gas-fired engines (0.15 grams per brake horsepower-hour) in condition II.A.1.

This monitoring is important to assure that the facility complies with its annual emission caps in order for it to not trigger New Source Review permitting requirements.

Table 5. Monitoring in the title V permit

Requirement	Requirement Condition #	Monitoring Description	Monitoring Condition #
NO _x and VOC facility-wide limits	II.A.3.	rolling 12-month emission calculation	II.C.1.
NO _x and VOC short term limits	II.A.1 and II.A.2	portable NO _x analyzer (bi-weekly for three months, then quarterly)	II.C.2. through II.C.4.

Requirement	Requirement Condition #	Monitoring Description	Monitoring Condition #
		annual performance testing	II.C.5.

5. Use of All Credible Evidence

Determinations of deviations, continuous or intermittent compliance status, or violations of the permit are not limited to the testing or monitoring methods required by the underlying regulations or this permit; other credible evidence (including any evidence admissible under the Federal Rules of Evidence) must be considered by the source and EPA in such determinations.

6. EPA Authority

Title V of the Clean Air Act requires that EPA promulgate, administer, and enforce a Federal operating permits program when a State does not submit an approvable program within the time frame set by title V or does not adequately administer and enforce its EPA-approved program. On July 1, 1996 (61 FR 34202), EPA adopted regulations codified at 40 C.F.R. 71 setting forth the procedures and terms under which the Agency would administer a Federal operating permits program. These regulations were updated on February 19, 1999 (64 FR 8247) to incorporate EPA's approach for issuing Federal operating permits to covered stationary sources in Indian country.

As described in 40 C.F.R. 71.4(a), EPA will implement a Part 71 program in areas where a State, local, or Tribal agency has not developed an approved Part 70 program. Unlike States, Indian Tribes are not required to develop operating permits programs, though EPA encourages Tribes to do so. See, e.g., Indian Tribes: Air Quality Planning and Management (63 FR 7253, February 12, 1998) (also known as the “Tribal Authority Rule”). Therefore, within Indian country, EPA believes it is generally appropriate that EPA administer and enforce a Part 71 Federal operating permits program for stationary sources until Tribes receive approval to administer their own operating permits programs.

The Morongo Casino Cogeneration Facility is located within the boundaries of the reservation of the Morongo Tribe. Consequently, jurisdiction over the source lies with the Tribe and with EPA. Because the Tribe does not have an approved Part 70 program, EPA is issuing the permit under Part 71.

7. Endangered Species Act

Pursuant to Section 7 of the Endangered Species Act (ESA), 16 U.S.C. § 1536, and its implementing regulations at 50 C.F.R. Part 402, EPA is required to ensure that any action authorized, funded, or carried out by EPA is not likely to jeopardize the

continued existence of any Federally-listed endangered species or threatened species or result in the destruction or adverse modification of such species' designated critical habitat. EPA contacted the U.S. Fish and Wildlife Service (FWS) regarding the potential effects of the plant's operations and/or emissions on listed and proposed species, primarily the desert tortoise. Based on correspondence with FWS, and the marginal desert tortoise habitat conditions that exist in the area, EPA has concluded that this project is unlikely to adversely affect listed species or their critical habitat, and thus, EPA's responsibilities under ESA Section 7 have been fulfilled.

8. Public participation

a. Public Notice.

As described in 40 C.F.R. 71.11(a)(5), all Part 71 draft operating permits shall be publicly noticed and made available for public comment. The public notice of permit actions and public comment period is described in 40 C.F.R. 71(d).

There is a 30 day public comment period for actions pertaining to a draft permit. Public notice will be given for this draft permit by mailing a copy of the notice to the permit applicant, the Morongo Band of Mission Indians, the affected state (California), and local air pollution control agencies. A copy of the notice will also be provided to all persons who have submitted a written request to be included on the mailing list. If you would like to be added to our mailing list to be informed of future actions on this or other Clean Air Act permits issued in Indian Country, please send your name and address to Roger Kohn at the address listed below:

Roger Kohn (AIR-3))
U.S. Environmental Protection Agency, Region IX
75 Hawthorne St.
San Francisco, CA 94105

E-mail: kohn.roger@epa.gov

Public notice will also be published in a daily or weekly newspaper of general circulation in the area affected by this source.

b. Opportunity for Comment

Members of the public may review a copy of the draft permit prepared by EPA, this statement of basis for the draft permit, the application, and all supporting materials submitted by the source at:

U.S. EPA
Air Division - 17th Floor
75 Hawthorne St.
San Francisco, CA 94105

Copies of the draft permit and this statement of basis can also be obtained at no cost from EPA's website [<http://www.epa.gov/region09/air/permit/epssdata.htm>] or by contacting Roger Kohn at the EPA address listed above or by telephone at 415-972-3973. All documents will be available for review at the EPA Region IX office indicated above during regular business hours.

If you have comments on the draft permit, you must submit them during the 30 day public comment period. All comments received during the public comment period and all comments made during any public hearing will be considered in arriving at a final decision on the permit. The final permit is a public record that can be obtained by request. A statement of reasons for changes made to the draft permits and responses to comments received will be sent to persons who commented on the draft permit.

If you believe that any condition of the draft permit is inappropriate, you must raise all reasonably ascertainable issues and submit all arguments supporting your position by the end of the comment period. Any supporting documents must be included in full and may not be incorporated by reference, unless they are already part of the administrative records for these permits or consist of tribal, state or federal statutes or regulations, or other generally available referenced materials.

c. Opportunity to Request a Hearing

A person may submit a written request for a public hearing to Roger Kohn, at the address listed in section 9.a. above, by stating the nature of the issues to be raised at the public hearing. Based on the number of hearing requests received, EPA will hold a public hearing whenever it finds there is a significant degree of public interest in a draft operating permit. If a public hearing is held, EPA will provide public notice of the hearing and any person may submit oral or written statements and data concerning the draft permit.

d. Mailing List

If you would like to be added to our mailing list to be informed of future actions on this or other Clean Air Act permits issued in Indian Country, please send your name and address to Roger Kohn at the address listed above.