

December 22, 1997

(AR-18J)

Robert Hodanbosi, Chief
Division of Air Pollution Control
Ohio Environmental Protection Agency
1800 WaterMark Drive
Columbus, Ohio 43215

Dear Mr. Hodanbosi:

This letter is to clarify the United States Environmental Protection Agency's (USEPA) position on whether or not Pro-Tec Coating Company's (Pro-Tec) new continuous galvanizing line should be permitted as a major source under the Federal Prevention of Significant Deterioration (PSD) rules. According to information provided by the Northwest District Office of the Ohio Environmental Protection Agency (OEPA), Pro-Tec is a US Steel/Kobe Steel finishing plant located in Leipsic, Ohio that galvanizes cold-rolled steel coils delivered from US Steel's Gary, Indiana steel making facility. Pro-Tec performs most finishing operations such as trimming, slitting, shearing, in-line temper rolling, tension leveling, continuous annealing, alkaline cleaning, chromating, electrostatic oiling, and hot-dip zinc coating. Pro-Tec has submitted a construction permit application for the new continuous galvanizing line, which will include a recuperative 76.8 MMBtu/hr natural gas-fired continuous annealing furnace with a potential to emit (PTE) 155 tons per year (tpy) of NO_x.

Because Pro-Tec is located in a NO_x attainment area, it is necessary to ascertain whether or not any of Pro-Tec's operations are included in one of the 28 PSD source categories to which the 100-tpy major source threshold level applies in order to do a PSD applicability determination. After considering the information provided to our office and reviewing similar determinations made by the Agency, USEPA has determined that Pro-Tec is in the category of "Iron and Steel Mill Plants." Therefore, if the PTE for NO_x (or any other pollutant regulated under the Clean Air Act) exceeds the 100-tpy applicability threshold from the annealing furnace, Pro-Tec would be considered a major stationary source for PSD permitting.

The following discussion provides support for our conclusion. We have reviewed the supplemental materials provided by OEPA, including the November 21, 1997 letter from OEPA, and we appreciate the clarifying details concerning the Pro-Tec operations. However, this applicability determination

gives considerable weight to the nature of the unit or activity that produces the major portion of emissions and other applicability determinations in a similar vein.

First, in making PSD category determinations for a complex facility which has several types of industrial processes, it is the Agency's policy to give considerable weight to the process that contributes the greater emission loading. In this case, it appears to be the annealing process. The annealing process is an activity that is commonly found in iron and steel mills and can, therefore, be referred to as a nested activity with respect to the Pro-Tec operations. It is the Agency's practice to use the threshold applicability level of the nested activity's source category to determine the PSD applicability for that emission activity. Therefore, since annealing operations, even annealing plants, are among the common activities or plants found in an iron and steel mill, the annealing activity at Pro-Tec would be subject to PSD if its potential emissions equaled or exceeded 100 tpy. (Other emissions from other activities at the facility would not be subject to PSD unless the total emissions for the nontoxic regulated pollutants equal or exceed 250 tpy.)

In setting the category of "iron and steel mill plants" it appears that Congress recognized that for iron and steel mills there would be several types of plants in a facility as complex as an iron and steel mill. Thus, what seems to be a redundancy in the name "mill plants" is not a redundancy at all, but a recognition of several separate activities in different plants at an iron and steel mill. This categorization lends support to the concept of requiring an activity like annealing, which could reasonably take place in a separate plant within an iron and steel mill, to be assigned a 100-tpy applicability level.

The concept of identifying and dealing separately with a nested activity that is part of a broader set of activities at a source is set forth in the draft October 1990 "New Source Review Workshop Manual." In an example given in the manual, a thermal dryer which fits under one of the 28 categories emits 150 tpy of a regulated pollutant and is collocated with a coal mine that has a 250-tpy threshold. The coal mine and thermal dryer emit less than 250 tpy combined. In this example, only the thermal dryer is subject to PSD because it emits more than 100 tpy.

Furthermore, the USEPA, in a July 28, 1989 letter to the Texas Air Control Board, sets forth one of the principles in identifying activities belonging to one of the 28 categories: "Thus, EPA interprets the Congressional intent in determining whether or not a source is within one of the 28 listed source categories, as based upon the source's pollutant emitting activity (e.g. smelting) rather than the source's finished product." In this case, Golden Aluminum Company asserted that it was an aluminum rolling plant. However, the

facility contained a smelting operation which was the primary emitter of the site. For this facility the Agency based its 28-category determination on the primary pollutant-emitting activity.

We appreciate the information and questions brought to us by OEPA. If you have any questions concerning these issues, please call Kaushal Gupta, of my staff, at (312) 886-6803.

Sincerely yours,

Cheryl Newton, Chief
Permits and Grants Section