

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4
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ATLANTA, GEORGIA 30303-8960

April 19, 2000

4APT-ARB

Jerry W. Cain
Chief, Environmental Permits Division
Office of Pollution Control
Mississippi Department of Environmental Quality
P.O. Box 10385
Jackson, Mississippi 39289-0385

SUBJ: PSD Applicability Analysis for a Past Change at the
Georgia-Pacific Taylorsville Facility Particleboard Plant,
Taylorsville, Mississippi

Dear Mr. Cain:

Thank you for the request dated March 2, 2000, from the Mississippi Department of Environmental Quality (MDEQ) for assistance in making a prevention of significant deterioration (PSD) applicability determination. This determination is for a past change that occurred at the Georgia-Pacific Taylorsville facility particleboard plant. The change centered on the addition of a second enclosed raw material storage building, an addition that was made primarily for fugitive dust control purposes. As further discussed below, this change resulted in the serendipitous discovery that drier raw material could allow Georgia-Pacific to achieve an increase in production capacity.

In this letter, we respond to your request based on how we believe such a request would be resolved under the federal PSD rules in Title 40 Code of Federal Regulations. Our response does not represent how you must interpret the PSD requirements that EPA has approved into Mississippi's state implementation plan, nor does it represent final agency action. Instead, this letter provides guidance for you to consider in your role as the PSD permitting authority.

Conclusion

As explained below, the conclusion of the U.S. Environmental Protection Agency (EPA) is that the addition of the second storage building and the subsequent production capacity increase do not constitute a modification as defined by PSD regulations.

Basis for Conclusion

We obtained information concerning the past change at the Taylorsville project from (1) the letter from MDEQ dated March 2, 2000, requesting our assistance, (2) telephone discussions with Dan McLeod and Celina Sumrall of MDEQ, (3) a letter from Georgia-Pacific to MDEQ dated February 14, 2000, and (4) a letter from Georgia-Pacific to MDEQ that does not have a date but that we believe to have been written on January 28, 2000 (based on the text of the February 14th Georgia-Pacific letter). From these information sources and other information known to us, we derived the following understandings that serve as the basis of our conclusion:

1. The applicable PSD regulations for Mississippi emission sources are the MDEQ regulations in APC-S-5. These regulations in turn adopt federal regulations in 40 C.F.R. § 52.21 by reference.
2. The second storage building itself is not a source of increased emissions and in fact was installed to reduce emissions.
3. The raw material used in the particleboard production process did not change as a result of adding the second raw material storage building. The moisture content of the raw material changed, but the same raw material was in use before and after adding the building.
4. No effect of the raw material storage building installation other than the effect on raw material moisture content served to promote an increase in production capacity. For example, the storage building installation did not alter the raw material conveying system so that more material could be fed to the production area.
5. The moisture content of the raw material wood has never been regulated by an enforceable permit condition.
6. The particleboard manufacturing equipment at the facility was capable of processing drier raw material prior to the installation of the second raw material storage building. Furthermore, reduced raw material moisture content can be achieved by open storage as well as by enclosed storage (over a long-term basis that averages out the effect of short-term ambient weather conditions). The higher moisture content of processed raw material prior to installation of the second storage building was achieved by deliberate wetting of the raw material in open storage when Georgia-Pacific thought that higher moisture content was needed for proper operation of the manufacturing process.
7. The production capacity of the particleboard plant was not limited by an enforceable permit condition either prior to or after the installation of the second raw material storage building. Therefore, the increase in production capacity occasioned by the use of drier raw material wood did not require a permit modification.

8. Emissions from the particleboard process area were not limited by an enforceable permit condition either prior to or after the installation of the second raw material storage building. Therefore the emissions increases occasioned by the increase in production capacity did not require a permit modification.
9. The other fugitive dust control “improvements” during the 1998 to 1999 time frame that are listed in Georgia-Pacific’s February 14, 2000, letter did not serve to increase production capacity. These changes included installation of a new truck dumper, relocation of the new truck dumper to eliminate 400 feet of open belt conveyor, replacement of cyclones, relocation of cyclones to eliminate 200 feet of open belt conveyors, and initiation of enclosed screw conveyor use.

If any of these understandings is incorrect, our conclusion may not be applicable.

Explanation of Conclusion

The following points provide a further explanation of the reasoning that led to our conclusion:

1. Georgia-Pacific’s letter of February 14, 2000, refers to the “capable of accommodating” provision of PSD regulations in 40 C.F.R. § 52.21(b)(2)(iii)(e)(1). Region 4 does not consider this provision applicable in this case. Our position is that a change in moisture content does not constitute creation of a new raw material.
2. Georgia-Pacific’s letter of February 14, 2000, proposes that the storage building should not be subject to PSD review because it qualifies as a pollution control project (PCP). In discussing this proposal, Georgia-Pacific correctly quotes EPA’s July 1, 1994, PCP policy statement that “... permitting authorities should not exclude as pollution control projects any pollution prevention project that can be reasonably expected to result in an increase in the utilization of the affected emissions unit(s).” Georgia-Pacific contends that the production capacity increase could not have been anticipated before the storage building was installed. This is a moot point. We are dealing with an after-the-fact PSD applicability question, and the production capacity increase effect of the storage building installation and use of drier raw material is now established. Consequently, our position is that the storage building installation does not constitute a pollution control project because it does in fact result in an increase in the utilization of the manufacturing area emissions units. Parenthetically, we would have been more inclined to the possibility of a PCP exclusion had Georgia-Pacific proposed to limit production rates to those in effect before the serendipitous discovery that use of drier raw material can result in greater production capacity.

3. We concur with Georgia-Pacific's position as stated in their February 14, 2000, letter that the cessation of raw material wood watering does not constitute a modification subject to PSD review.
4. Our conclusion that installation of the second raw material storage building does not constitute a modification for PSD applicability purposes relies upon the provisions of 40 C.F.R. § 52.21(b)(2)(iii)(f). This paragraph specifies that a physical change or change in the method of operation does not include "An increase in the hours of operation or in the production rate, unless such change would be prohibited under any federally enforceable permit condition which was established after January 6, 1975, pursuant to 40 CFR 52.21 or under regulations approved pursuant to 40 CFR subpart I or 40 CFR 51.166." As discussed above, no permit condition exists to our knowledge to prohibit the increase in production rate achievable by the change in raw material moisture content. This comment applies to the apparent absence of both a direct limit on production capacity and an indirect limit as might have existed in the form of an emissions limit that is tied to production capacity. Further, no permit condition exists to our knowledge that restricts the moisture content of the raw material. Finally, our understanding is that the production capacity increase could have occurred with or without installation of the second raw material storage building.

Based on these considerations, we restate our conclusion that the addition of the second storage building and the subsequent production capacity increase do not constitute a modification as defined by PSD regulations.

If you have any questions concerning the comments in this letter, please contact Jim Little at (404) 562-9118.

Sincerely,

R. Douglas Neeley
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Air, Pesticides, and Toxics
Management Division