UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
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SEP 19 2006

Robert H. Colby, Director
Chattanooga-Hamilton County
Air Pollution Control Bureau
612 Preservation Drive
Chattanooga, TN 37414-3638

Dear Mr. Colby:

This correspondence is being sent to provide you with an official final copy of the Environmental Protection Agency (EPA) Region 4 report, which was completed as a result of the EPA title V and New Source Review (NSR) program evaluation conducted the week of January 23, 2005, in Chattanooga, Tennessee (see Enclosure). The purpose of this program review was to evaluate the status and the ability of the Chattanooga/Hamilton County Air Pollution Control Bureau (Bureau) to carry out the duties and responsibilities required to effectively run the title V and NSR programs, as well as find out how EPA can best assist the Bureau in meeting these commitments.

We would like to take this opportunity to commend the Bureau staff for the effective implementation of both the title V and NSR programs. EPA Region 4 looks forward to continuing to work closely with the Bureau to maintain high quality title V and NSR programs.

If you or your staff have any questions regarding the report, please do not hesitate to contact Randy Terry of the EPA Region 4 staff at (404) 562-9032.

Sincerely,

G. Alan Farmer
Acting Director
Air, Pesticides and Toxics
Management Division

Enclosure

Chattanooga/Hamilton County
Title V and New Source Review Program Review

The U.S. Environmental Protection Agency (EPA) Region 4 committed to conduct detailed title V and New Source Review (NSR) program reviews for all state and local programs that have at least ten title V major sources within their jurisdiction. These evaluations also include a review of the title V fees collected and billed annually. This commitment results from an agreement between the EPA Office of Air and Radiation and the EPA Office of Inspector General, which required EPA to conduct title V program evaluations of all state and local programs. EPA Region 4 decided, in addition to title V, to use this opportunity, when applicable, to evaluate the NSR programs at each of the state and local programs. The program reviews are to be completed by the end of Fiscal Year 2006. The Chattanooga/Hamilton County Air Pollution Control Bureau (Bureau) program review was conducted the week of January 23, 2006 in Chattanooga, Tennessee. Prior to EPA's arrival, EPA mailed copies of the title V and NSR questionnaires to the Bureau to complete. Upon EPA's arrival at Chattanooga office, EPA provided the Bureau with a list of title V source files that were to be reviewed as part of the evaluation. EPA spent the first day reviewing the title V files and discussing the responses to the title V questionnaire with Bureau staff. The following day was used to complete the review of the permit files and discuss the NSR questionnaire. The following parties attended the title V questionnaire discussion: Randy Terry (EPA Region 4), Brandi Jenkins (EPA Region 4), Yolanda Adams (EPA Region 4), Katy Forney (EPA Region 4) and Errol Reksten (The Bureau).

Chattanooga/Hamilton County Title V Program Review

1. Program Review

The Bureau's organizational structure for air permitting resides at the office in Chattanooga, Tennessee. All title V permits for the Chattanooga/Hamilton area are processed in the Chattanooga office. Separate program evaluation reports will be written covering the Tennessee Department of Environment and Conservation (TDEC), Nashville-Davidson County, Knox County and Memphis-Shelby County title V programs.

The headings in the title V portion of this report duplicate the headings in the title V program review questionnaire administered during the visit.

EPA appreciates the Bureau's efforts to aid the evaluation process by providing an answered copy of the program review questionnaire prior to the meeting. For many questionnaire items, the answers provided by the Bureau are more detailed than indicated in the summary discussion below. The answered questionnaire from the Bureau will be on file at EPA Region 4 for reference.

A. Title V Permit Preparation and Content

The Bureau has processed 100 percent of their initial title V applications. One initial application was deemed incomplete and enforcement action was taken. Some of the initial applications submitted by the sources during the initial round of title V permit issuance lacked sufficient information to create the title V permit. The Bureau worked with each applicant, on a case by case basis, to obtain the necessary information. In most instances, Bureau permitting engineers simply requested, via telephone, the additional information needed. On other occasions, when the issues were larger in nature, meetings were held with the sources. The area that most often tended to be lacking the appropriate level of information was monitoring. Overall, the information that was needed did not lead to a significant delay for the Bureau as they were able to complete all of their initial title V permits in 3 years and 2 months from the date of program approval.

The Bureau does not automatically require sources to update their application if a significant amount of time has expired. If there has been no modification at a facility, no update is necessary. If there has been a modification at the facility, the Bureau receives that information, which would indicate that the title V application needed to be modified and a new compliance certification submitted. The Bureau verifies if a source is in compliance prior to issuance of the permit by requiring the source to verify compliance at the time of the application. During the preparation of the initial permit, annual inspections, compliance monitoring reports, and incident reports are still required, insuring that the source remains in compliance. In the event that the Bureau had a source out of compliance, they would issue the permit with a compliance schedule included; however, the Bureau has not had any sources that required a compliance schedule.

Since the implementation of the title V program, the Bureau has improved in their permit writing and processing time as their staff has gained experience. The Bureau has not had to conduct any internal permit writing classes in recent years because there has not been any staff turnover within the permit writers. Additionally, continued attendance at the title V workshops and annual meetings has helped the Bureau to maintain a high level of proficiency in permit writing. In order to quality assure the title V permits, the draft permit is reviewed by the engineering manager and the Director prior to the start of the public comment period. If there are any comments from either EPA or from the public, these are resolved prior to the permit being issued. Additionally, the permitting staff also does enforcement, which helps when drafting the permit.

The Bureau has made specific efforts to streamline their permit issuance by grouping all baghouses or other control equipment and providing a common opacity limit of the most stringent limit. The limits are set based upon the installation dates of the control equipment. Visible emissions from buildings are another area in which a common limit reflecting the most stringent limit is used. Other streamlining methods include the creation of a separate section of the permit where requirements common to all emission units are grouped.

The Bureau prepares a statement of basis (SOB) for each title V permit processed, incorporating the requirements of 40 CFR part 70.7(a)(5). The purpose of the SOB is to address all applicable requirements, any streamlining contained within the permit, identification of any deviations in monitoring requirements and the rationale behind these deviations. Bureau permit writers received training in preparing SOBs when title V started. The Bureau has not had any turnover, therefore, there has been no need for new SOB training.

Regarding the overall strengths and weakness of the format of title V permits, the Bureau believes the format of the title V permit makes for a complex document and the inclusion of all applicable requirements in a format that is practically enforceable makes it difficult for non-technical persons to understand. However, the Bureau strives to create a permit that lists specifically what the source is required to do. Reporting period dates and due dates for compliance reports and certifications are plainly stated within the permit in an effort to facilitate ease of understanding.

B. General Permits

Although local ordinances authorize the Bureau the ability to issue general permits, with such a small number of sources in the Chattanooga/Hamilton county area, the Bureau has elected not to do so.

C. Monitoring

The Bureau works with each title V source in order to ensure that its operating permits contain adequate monitoring. Almost all of the permits issued by the Bureau contain some monitoring requirements not required as a part of any underlying requirements. When title V started, the Bureau visited each source to evaluate what would constitute adequate monitoring for the

facility. The Bureau would then negotiate with each source to make sure the monitoring requirements included within the title V permits were practical and enforceable. In each title V permit, the source agreed to the specific monitoring that was proposed and, in some cases the source requested the monitoring based upon their method of operation. During the program evaluation it was noted that certain permit conditions cited "Part 70 permit application request by permittee" as the citation of origin. Upon further investigation, it was determined that some of these permit conditions related to periodic monitoring, some were limits on potential to emit to avoid certain major source requirements, and some were requests by the source to lower allowable limits to reduce their emission fees. Part 70 permits provide a convenient and readily available mechanism to create enforceable limits on potential to emit. However, title V generally does not authorize a permitting authority to impose substantive new requirements. See 40 CFR 70.1(b). Since it has been determined that the intent of these permit conditions is not to create new requirements, the Bureau has agreed to change the citations to the appropriate regulatory provisions such as the periodic monitoring provisions found in the Chattanooga Air Pollution Control Ordinance, or Section 4-60(e)(9) of the Chattanooga Air Pollution Control Ordinance relating to the reduction of fees. In the case of a limit on potential to emit, it would be appropriate to identify the permit condition as an avoidance limit or limit on potential to emit and cite the part 70 permit as the origin for the permit condition. A resolution was reached that these citations will be revised as permits go through the renewal process or when they go through a modification. To ensure that permit writers are capable of making such evaluations, Bureau permit writers have attended training courses such as those offered by Air Pollution Training Institute or other EPA offices. The Bureau has begun to incorporate compliance assurance monitoring (CAM) requirements into their permit renewals and has not found it to delay permit issuance. Since the implementation of title V, the Bureau believes that monitoring has helped in ensuring that sources are in compliance with their permits. Prior to title V, most of the Bureau enforcement actions were for opacity or odors. Since title V, enforcement is now most likely to be for permit condition violations.

D. Public Participation and Affected State Review

The Bureau utilizes the "Chattanooga Times-Free Press," which is the most widely circulated newspaper in Chattanooga/Hamilton County to give general public notice of title V permitting actions. The cost of publishing public notices in the newspaper has averaged $200 and is paid by the Bureau. The Bureau also runs each public notice in an on-line paper, the "Chattanoogan," for 30 days and posts the public notice, draft permit and SOBs on their website. In addition, the Bureau has created a mailing list as another method of public notification. The mailing list includes city and county officials, environmental organizations, and any citizen who requests to be included on the mailing list. The Bureau provides copies of the public notice, which informs the recipients on the mailing list where to find additional information. The Bureau also utilizes the EPA environmental justice (EJ) guidance to reach out to any potential EJ communities during the public notice period. The Bureau does not publish their notices in any language other than English, but has noticed the growing Hispanic population and is considering publishing an additional Spanish version of the public notices.

In cases where comments received during the public comment period led to the conditions within the permit are being relaxed, the Bureau would re-notice the permit. In order to help the public determine when the 60 day citizen petition clock expires, the Bureau has agreed to include language within all title V public notices referring the public to EPA Region 4's website. The Bureau conducts public hearings for all new title V permits, renewal title V permits, and any significant modifications. These hearings are usually scheduled for the end of the 30-day public comment period and on the same day as the local board meeting. Very rarely does the Bureau receive comments from the public. On the rare occasions that the Bureau does receive comments on a permit, it is usually from the source involving minor changes. The only trend the Bureau has noticed is that there are fewer comments being received from sources and citizens. The Bureau attributes this reduction to having a transparent notification process and working with the sources to resolve any potential issues prior to the comment period.

Anyone requesting paper copies of permit related documents is billed at a rate of 50 cents per page, however the Bureau has never had anyone to request hard copies of these documents. The Bureau does provide electronic copies of the public notice, draft permit, and SOBs to anyone that requests it free of charge. The Bureau is generally able to provide the requested information, electronically, within a few hours depending upon the volume of material requested. The Bureau has a public information officer that interacts primarily with television and newspapers, but the Bureau permitting staff handles all matters dealing with public participation including the public hearings.

The Bureau notifies all affected states of draft permits by email. The States of Tennessee, Georgia, and Alabama qualify as "affected." No tribes are located close enough to Chattanooga/Hamilton to qualify as "affected." The Bureau has never received comments from an affected state, nor have they ever provided comments to another program as an affected "state."

E. Permit Issuance/ Revision/ Renewal

The Bureau has issued 100 percent of their initial title V permits. The Bureau has been able to process all types of title V revisions within the time frames allotted by Part 70. Since the Bureau receives such a small number of revisions, they use a calendar to track permit revisions. Because the Bureau has had no turnover within their permit writers, the Bureau has not developed any written guidance for use by their permit writers to assist in evaluating whether a proposed revision qualifies as an administrative amendment, off-permit change, significant, or minor revision. Despite having no written guidance, the permit writers are aware of the differences in the types of revisions.

The Bureau has issued title V renewal permits for all 22 initial title V sources and the one source that became a title V source after the initial sources was in the process of being renewed at the time of the program evaluation. All of the renewal applications received have been timely and complete. The sources are able to utilize a short form application for renewal. For sources with minimal changes to the initial application, they can use updated forms of less complexity and rely on the information contained within the initial application. When certifying compliance with the

short form applications, the sources are also certifying compliance with the contents of the initial application. Other sources submitted new applications using all the appropriate forms. CAM plans have been included in renewal applications, where applicable.

For Minor modifications, section 70(e)(2)(ii) requires the applicant to submit a suggested draft permit. It does not appear that all applicants for minor modifications are meeting this requirement.

F. Compliance

The Bureau requires any deviations from permit requirements to be initially reported within 24 hours and followed by a written report within seven days. The source must report every instance in which an emission unit was operated outside of the required parameters or was operated while air pollution control equipment that was required to be used, was not in operation or the air pollution control equipment was operated outside of required parameters. Deviations are not necessarily considered as violations. Each deviation report must contain the probable cause of the deviation, corrective actions taken, and the magnitude and duration of the deviation. Following the receipt of a deviation report, Bureau reviews the report and evaluates a course of action on a case-by-case basis. The Bureau reviews 100 percent of all deviation reports, semi-annual monitoring reports, and annual compliance certifications. Upon receipt of a semi-annual monitoring report or an annual compliance certification, Bureau permit engineers review the report and determine if enforcement action for the identified violations should be pursued. The Bureau has developed a compliance certification form for use by their sources. This form does account for credible evidence. Continuous compliance is reported, to the Bureau, by the source based on methods specified within their permit. Although the Bureau doesn't require sources to use the form, approximately 80 percent chose to do so.

G. Resources and Internal Management Support

The Bureau establishes its title V fee based on mass of emissions in tons per year. Sources are allowed to choose between paying for actual emissions or allowable emissions. Currently the Bureau's title V fees are $31.88/ton based on actual emissions and $18.08/per ton of allowable emissions. The minimum charge is $100. Title V revenue are processed and tracked within an account completely separate from the general fund account. This system allows for financial reports for management oversight and accurately accounts for title V revenue as well as expenditures.

The Bureau has three permit writers on staff and the title V work competes with priorities from synthetic minor sources, minor sources, conducting inspections and evaluating compliance information. The permit writers are required to maintain a daily timesheet indicating the time spent on title V and non-title V work. At the time of the program evaluation, the Bureau was fully staffed with permit writers. Each permit writer is assigned between five and eight title V sources and 51 to 57 minor and synthetic minor sources. The Bureau has had no permit writer turnover since 1995 in part due to the ability to offer competitive salaries and benefits for the

Chattanooga/Hamilton area. The Bureau has a two tiered engineer scale and multiple steps within each level.

The Bureau permit writer is afforded opportunities for EPA and State training as their budget allows. Because of no turnover, the Bureau has not developed a training plan for new hires but is aware of the eventual need for one. The training program for new permit writers should include how to develop periodic and sufficiency monitoring in permits, enforceable permit terms and conditions as a practical matter and writing a SOB. The Bureau has requested the EPA continue to provide training workshops.

The Bureau has not developed an Environmental Justice (EJ) strategic plan, but does have an in-house coordinator charged with oversight of EJ related activities. EPA volunteered to provide the Bureau with information on available EJ training courses. Bureau permit writers have readily available access to demographic information necessary for EJ assessments. When screening an initial or a renewal application, all permit writers look for risks from toxics for all communities. The Bureau currently does not do any screening for EJ communities, but if any new title V sources moved into the Chattanooga/Hamilton county area, they would screen for EJ issues.

H. Title V Benefits

The Bureau believes that significant benefits have been gained as a result of the title V program. Since the implementation the title V program, the Bureau has a better understanding of how to write enforceable permits and the operation of the sources within Chattanooga/Hamilton. Also title V has resulted in the sources having a better awareness of their compliance obligations. Title V has also led to a better emission inventory and clarity and enforceability of NSR permit terms. Other benefits of the title V program and the title V fee revenue include better training and a more resources for the Bureau staff.

2. Permit Reviews

EPA Region 4 staff conducted an administrative review of five title V files and one synthetic minor file for a source, which will be transitioning into title V. The files that were reviewed represented a cross-section of the types of industries permitted in Chattanooga/Hamilton County. The permitting authority has files for the following categories: 1) Public files; 2) Technical Issues and Compliance; 3) Monitoring Reports; 4) Title V permit file; 5) Title V Application and; 6) Correspondence file. The files were well organized and easy to maneuver. Each section of the files is clearly marked as to the content. The public file included the public notice, SOB, draft permit, proof of publication, comments received and response to comments. The title V permit file included the draft and final permits.

Additionally, EPA Region 4 staff conducted an overview of the permit content for each facility. Overall, the permits are easy to read and well organized. As mentioned in the discussion of the title V questionnaire, the practice of creating emission limits in the title V permit, which have been requested by the source but do not have an applicable requirement, is prohibited. In relation

to this practice, it was also noted that some title V monitoring conditions had a "Part 70 permit application" and/or "requested by source" citation of origin. The Chattanooga rule that pertains to title V monitoring provisions should be the citation of origin for monitoring conditions, which ensure compliance with applicable requirements.

Program Highlights

1. The Bureau has issued 100 percent of their initial title V permits, and their initial renewal title V permits. The Bureau's ability to complete the issuance of the renewals so quickly allows them the time to focus on other issues such as enforcement, compliance, and annual inspections.

2. The Bureau has been able to maintain their original title V staff for an extended period of time which has provided them with a group of experienced permit writers. This has allowed them to avoid spending time training new staff and allowed the Bureau to continue to focus on title V issues.

3. The Bureau does an excellent job screening for environmental threats to the community and in doing so, has become very aware and proactive when potential Environmental Justice issues are discovered.

Suggested Improvements

1. With such an experienced staff, the Bureau should develop a written format for processing many of the tasks that have now become routine for the permit writers. Developing guidance at this time will ensure that the Bureau does not lose institutional knowledge at some point in the future when staff turnover is experienced.

2. 70.7(e)(2)(ii) requires the applicant to submit a suggested draft permit with the minor modification application. The Bureau needs to ensure that the applicant provides the necessary information for minor modification language.

3. During the program evaluation it was noted that certain permit conditions cited "Part 70 permit application request by permittee" as the citation of origin. The Bureau needs to ensure that as these permits come up for renewal that the Chattanooga rule that pertains to title V monitoring provisions should included as the citation of origin for monitoring conditions which ensure compliance with applicable requirements.

Chattanooga-Hamilton County New Source Review (NSR) Program Review

On January 23, 2006, EPA Region 4 conducted a review of the NSR permit program administered by the Bureau. The NSR program review consisted of administering a questionnaire developed for EPA's national NSR program review project. Since the Bureau issues very few major NSR permits and since Region 4 has reviewed the only major NSR permit processed by the Bureau in recent years, no major NSR permits were evaluated as part of the on-site review.

The primary EPA staff person conducting the review was Katy Forney from Region 4's Air Permits Section. The Bureau's primary participant was Errol Reksten.

Hamilton County is designated as a nonattainment area for the fine particulate matter ($PM_{2.5}$) national ambient air quality standards (NAAQS). Additionally, the County is designated as a nonattainment area for the 8-hour ozone NAAQS. However, the County is a participant in the area's early action compact (EAC) and therefore, the effective date of the ozone nonattainment designation has been deferred. The current deferral is until December 31, 2006. To date, the Bureau has not received a nonattainment permit application. Consequently, the program review questionnaire items pertaining to major NSR nonattainment were not covered in detail. The Bureau agreed to contact Region 4 in the event a major source applies for a nonattainment construction permit.

The Bureau's organizational structure for air permitting consists of the central office staff in Chattanooga. All major and minor NSR permits are processed in the Chattanooga office. The Bureau's permitting jurisdiction covers all of Hamilton County.

Currently, the Bureau is still drafting revisions to their regulations to incorporate EPA's December 2002 NSR rule revisions. Consequently, the NSR program review discussed in this report covered only the Bureau's administration of NSR rules prior to the 2002 NSR rule revisions. Once the Bureau has adopted their version of the NSR rule revisions, future discussions between the Bureau and EPA Region 4 should prove beneficial to facilitate implementation.

As an appreciated aid to EPA, the Bureau provided a copy of the program review questionnaire annotated with the Bureau's answers. For many questionnaire items, the answers provided by the Bureau are more detailed than indicated in the summary discussion below. The annotated questionnaire from the Bureau will be on file at EPA Region 4 for reference if needed.

The headings in the following report duplicate the headings in the NSR program review questionnaire administered during the visit.

Overview of New Source Review (NSR) Permitting Program

A. NSR Permits

Since the Bureau has only issued three major NSR permits in the last 16 years, their major source permits are tracked manually. However, synthetic minor NSR permits are logged and tracked in an electronic database.

In 2005, the Bureau issued no PSD permits and 10 minor NSR permits. From the time that a permit application is deemed complete, the average period for permit issuance is four months for PSD permit issuance (based on the Bureau's limited experience with PSD permits) and four months for minor NSR permits.

The Bureau's permits contain all the necessary elements to establish effective and practically enforceable permit conditions.

B. Staff and Training

All of the Bureau's permit staff members have NSR permitting responsibilities. All permit staff have attended NSR training as well as other workshops as available. The Bureau expressed interest in receiving additional NSR permitting training from EPA with an emphasis on the new NSR Reform rules.

C. NSR Implementation

The Bureau follows EPA's NSR program guidance and policy as direction for implementing NSR procedures.

D. Public Participation

The Bureau issues a public notice for any modification that results in an increase in emissions, and for all synthetic minor permits. New PSD permits, as well as significant modifications, also undergo public notice. The Bureau publishes all public notices on their website, in a newspaper of general circulation (The Chattanooga Times-Free Press), and all notices are sent to a mailing list. Public hearings are held routinely along with Air Pollution Control Board meetings. A member of the public can participate in the public hearing, even if they did not submit comments during the public comment period.

E. Program Benefits

The Bureau believes that the NSR program provides an incentive for sources to reduce emissions below major source levels and helps sustain good air quality. However, the Bureau does not believe that the NSR program provides the public with a mechanism to be more involved in improving air quality, since the public cannot stop unwanted projects unless air rules would be violated.

Major NSR Permitting

A. Applicability

The Bureau rules contain a definition of "major stationary source" that is the same as the EPA definition of major stationary source.

When assessing whether two or more non-contiguous facilities owned by the same company should be considered one source for applicability purposes, the Bureau does not take into account the separation distance between the facilities, but evaluates the situation on a case-by-case basis. The Bureau does consider the facilities' financial, contractual, and personnel relationship between the facilities, as well as the two-digit SIC codes of the facilities.

The Bureau prefers that an applicant use source specific information or stack test data from similar sources rather than AP-42 emission factors. When no other information is readily available, AP-42 emissions factors are considered acceptable depending on the rating, the process, and how close the emissions are to the permitted threshold.

Condensible particles are taken into account for NSR applicability purposes.

The Bureau has a definition of fugitive emissions that is consistent with the federal definition. Additionally, fugitive emissions could be used in a netting analysis if a credible method is used to demonstrate the emissions baseline.

When evaluating proposed modifications, the Bureau ensures that any emissions from debottlenecking or increased utilization activities are included in the applicability analysis.

Although applicants do not commonly avoid PSD applicability via netting it has been used before and EPA believes that the Bureau has a good understanding of the process.

B. Prevention of Significant Deterioration (PSD) Permitting

The Bureau has only processed one PSD permit in the last eight years. Despite the lack of extensive PSD permitting experience, the Bureau staff present during the evaluation interview was knowledgeable of PSD permitting requirements and should be able to handle future PSD permitting actions successfully. EPA did discuss in detail with the Bureau staff the concept that there is no such thing as an "insignificant" emissions unit in the PSD program. All emission units that emit a pollutant subject to PSD must go through a BACT analysis, regardless of the amount of emissions at the individual emissions point. In addition, EPA Region 4 is available to assist the Bureau as needed with future PSD permit applications.

C. Nonattainment Major NSR Permitting

Although the County has been designated nonattainment for $PM_{2.5}$ and was nonattainment area for ozone prior to 1990, the Bureau has never issued a nonattainment NSR permit. Consequently, the Bureau did not respond to the nonattainment section of the NSR questionnaire and this topic was not discussed in detail during the interview. The Bureau agreed to contact EPA in the event a nonattainment NSR permit application is received.

NSR Avoidance

A. RMRR Exemption

The Bureau is aware of the procedures required for a routine maintenance, repair, and replacement (RMRR) exemption assessments, but has not made a formal RMRR assessment in recent history. The Bureau agreed to contact EPA in the event a request for an RMRR exemption is received.

B. PCP Exemption

Since the pollution control project (PCP) exemption rules and policies have been vacated by the U.S. Court of Appeals for the District of Columbia Circuit as of June 24, 2005, the PCP exemption was not discussed in detail. The Bureau has not relied on any PCP exemptions when issuing synthetic minor NSR permits in the past.

C. Circumvention/Aggregation

The Bureau is aware of the possibility of NSR circumvention and watches for this circumstance during all their permitting actions. The Bureau has not found this to be a problem with the majority of their sources.

D. Synthetic Minor Permit Limits

The Bureau has approximately 80 synthetic minor sources; however, very few of these are synthetic minor for PSD. All synthetic minor permits are tracked in the Bureau's database, but those with specific PSD avoidance or synthetic minor limits are not separately identified. EPA recommended to the Bureau that synthetic minor permits with PSD avoidance conditions be identified in the Bureau's database.

E. Relaxation

The Bureau has never encountered a situation where the relaxation provisions of the PSD regulations have been triggered. EPA discussed the basic concepts associated with relaxation assessments and suggested that the Bureau identify any PSD avoidance conditions in their

permits so that any modifications that may trigger relaxation in the future will be readily identifiable.

Minor Source Construction Permitting Program

In general, the Bureau's minor source permits are well written and contain practically enforceable permit conditions; however, the permits do not identify the requirements being avoided to keep the source minor (e.g., PSD). Additionally, the Bureau rules require a best available control technology (BACT) evaluation or lowest achievable emission rate (LAER) evaluation for minor source construction permits (installation permits) involving increases in emissions of volatile organic compounds (VOC).

Although the minor source application process does not require modeling for minor sources, the Bureau has asked quarries to model in the past and may require the paperboard industry to perform some modeling.

[Note: Also see comment below on minor source modeling.]

Modeling

A. PSD Modeling

The Bureau does not require PSD permit applicants to prepare a modeling protocol prior to submitting modeling results and consequently cannot provide this protocol to EPA or other interested organization (e.g., Federal Land Manager (FLM)). Because the Bureau does not process many PSD permit applications, this has not been a major problem in the past; however, EPA recommends that the Bureau require future PSD applicants to submit a modeling protocol and provide it to EPA Region 4. This will allow EPA to provide its modeling experience as a resource to the Bureau as well as allow all interested parties to agree ahead of time on the specifics of the modeling process to be used by the applicant.

All permit engineers have been trained in ISC modeling and the permit manager has been trained in AERMOD modeling. The Bureau plans to train all permit engineers on AERMOD, which is becoming the preferred dispersion model for NSR permitting. The Bureau requested additional information on Calpuff model training. EPA will contact the Bureau with further information on upcoming training opportunities.

In the most recent PSD permit, cumulative impact modeling was not required. In the event cumulative modeling is required in the future, the Bureau would request an inventory from TDEC if a PSD modeling analysis requires consideration of emissions sources located outside the county. The Bureau tracks actual emissions for all permitted sources in the County.

There are only two class I areas within 100 km of the County. The Bureau normally calls the FLM if a PSD application is received and coordinates with them during the PSD application process. The Bureau has never issued a PSD permit where the FLM had objections.

B. Nonattainment Major NSR Modeling

Major nonattainment NSR modeling is not applicable in Hamilton County at this time.

C. Minor Source Modeling

The Bureau does not require minor source applicants to perform modeling to ensure that a violation of the NAAQS or PSD increment has not occurred. The Bureau evaluates whether modeling is needed on a case-by-case basis and maintains records of which minor source baseline dates have been triggered. Although modeling is not routinely performed for minor sources, the Bureau understands that minor source emissions can cause or contribute to a violation of the NAAQS and that minor sources consume PSD increment.

D. Increment Tracking

The Bureau tracks PSD increment consuming/expanding sources and end of year "snapshots" are maintained that includes all permitted emission sources in the County. Although PSD increment modeling is not required at the time of minor source permitting, the Bureau understands that minor sources consume increment and the end of year "snapshots" include emissions from both major and minor sources. The Bureau notes that emissions throughout the County have decreased substantially overtime.

NSR-related Recommendations and Suggestions

The following NSR-related recommendations and suggestions are largely a restatement of previous comments.

1. The relatively few number of PSD permitting projects reviewed by the Bureau may not provide sufficient on-the-job experience for permitting staff to remain current in all aspects of NSR regulatory requirements. The Bureau expressed an interest in receiving additional NSR training from EPA with a focus on the NSR reform rules and information on Calpuff modeling. EPA will work with the Bureau to find or provide the needed training.

2. EPA recommends that synthetic minor construction permits identify the federal requirements being avoided in the permit conditions and to identify the type of synthetic minor permit in the Bureau's tracking database. This will allow the Bureau engineers to better identify potential PSD relaxation situations as well as maintain this knowledge during future permit modifications and in the event of permitting staff turnover.

3. Since the Bureau does not often receive various types of NSR requests, EPA recommends that the Bureau contact the Region in the event a request for an RMRR exemption is received or if an applicant potentially needs a nonattainment NSR permit.

Conclusion

At the conclusion of the onsite portion of the Title V and NSR program reviews, Region 4 personnel met with Bureau officials to conduct an exit interview. During this exit interview Region 4 shared the findings of the review and laid out the next steps for completion of the final report. Personnel in attendance from EPA Region 4 were Randy Terry, Katy Forney, Brandi Jenkins, and Yolanda Adams. Gregg Worley and Kay Prince of EPA Region 4 participated in the exit interview via telephone. Bureau officials in attendance included Errol Reksten, Doug Erwin, Bob Colby, Alan Frazier, and Cynthia McDaniel.

Overall, EPA believes that the Bureau is operating both the title V and NSR programs at a high level of proficiency and looks forward to working with the Bureau in the future.