



INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

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October 15, 2004

Mr. Ken Burns
Beta Steel Corporation
6500 S. Boundary Road
Portage, Indiana 46368

Re: Response to Review Request
RR 127-19503
Permit Status Evaluation
Source ID: 127-00036

Dear Mr. Burns:

The Office of Air Quality (OAQ) received a letter on August 16, 2004 from Beta Steel Corporation regarding a routine maintenance, repair and replacement project involving the continuous caster located at 6500 S. Boundary Road, Portage, Indiana. Beta Steel believes this project to be exempt from requiring a permit pursuant to 326 IAC 2-7-10.5(b), the October 2003 EPA published new source review reform amendments adding equipment replacement provisions and the four-factor test currently used by OAQ to evaluate routine maintenance projects.

Beta Steel points out in their letter that 326 IAC 2-7-10.5(b) exempts repair and replacement projects from requiring preconstruction approval if all three (3) of the provisions listed are met. These provisions deal with the potential to emit for each regulated pollutant, the repair or replacement not being a major modification under 326 IAC 2-2, 326 IAC 2-3 or 326 IAC 2-4.1 and returning the emissions unit, process, or control equipment to normal operation after an upset, malfunction, or mechanical failure or prevents impending and imminent failure of the emissions unit, process, or control equipment. Beta Steel asserts that the potential to emit regulated air pollutants will not change as a result of the project but provides no listing of the regulated pollutants or their potential to emit in the documents. Beta Steel states that that the project is not a "major modification" under 326 IAC 2-2 or 326 IAC 2-3 (326 IAC 2-4.1 is not addressed) because a modification must involve a physical change to the emissions unit. Beta Steel goes on to cite applicable Indiana Rules that state a "physical change" does not include "routine maintenance, repair and replacement". The purpose of their request is to determine the appropriateness of this project as "routine maintenance, repair and replacement". Regarding the third provision, Beta Steel does not explain how the project "returns the emission unit,

process or control equipment to normal operation after an upset, malfunction or mechanical failure or prevents impending and imminent failure of the emissions unit, process or control equipment.”

Beta Steel further relies on the definition of routine maintenance, repair and replacement contained in the October 2003 EPA published new source review reform rules to demonstrate that preconstruction permitting is not required. The EPA federal rules published on October 27, 2003 were stayed by the US Court of Appeals for the D.C. Circuit on December 24, 2003. Provisions contained in these rules cannot be implemented until the litigation is resolved.

Finally, Beta Steel uses the current four-point test used by OAQ for case-by-case determinations of routine maintenance, repair and replacement. This test weighs the factors of (1) the nature and extent of the project, (2) the purpose of the project, (3) the frequency of which this type of change is performed in a typical units life and (4) the cost of the work. While Beta Steel makes statements in regards to the four-point test in their letter there are no supporting facts or data provided. Information on the frequency of replacing caster mould sections or motorized drives is not provided, questions such as will restoring the originally designed efficiency and reliability result in increased utilization of the caster, what is the normal schedule for replacement of the mould sections or motorized drives are not answered. The 20% of the replacement value criteria is part of the federal rule that has been stayed.

The IDEM, OAQ believes the recently approved New Source Review Reform Rules which became effective on September 9, 2004 are the correct rules to use to determine the permit applicability for this project. These rules contain provisions for an actual-to-projected-actual applicability test to determine when a physical change or change in the method of operation at an existing emissions unit at an existing major NSR source will trigger major NSR. A copy of the revised Article 2 rules is available on the web at: <http://www.in.gov/legislative/iac/title326.html>.

Questions should be directed to Mack Sims, OAQ, 100 North Senate Avenue, P.O. Box 6015, Indianapolis, Indiana, 46206-6015, or call (800) 451-6027 and ask for Mack Sims or extension 3-0867, or dial (317) 233-0867.

Sincerely,

Original Signed by
Paul Dubenetzky, Chief
Permits Branch
Office of Air Quality

MS

cc: File – Porter County
Porter County Health Department
Northwest Regional Office
Air Compliance – Michael Hall
Permit Administration – Autumn King
Technical Support and Modeling – Michele Boner