



Mitchell E. Daniels, Jr.
Governor

Thomas W. Easterly
Commissioner

100 North Senate Avenue
Indianapolis, Indiana 46204
(317) 232-8603
(800) 451-6027
www.IN.gov/idem

TO: Interested Parties / Applicant
DATE: January 26, 2005
RE: Damiler Chrysler Corporation - Kokomo Transmission Plant / 067-19553-00065
FROM: Paul Dubenetzky
Chief, Permits Branch
Office of Air Quality

Notice of Decision: Approval - Effective Immediately

Please be advised that on behalf of the Commissioner of the Department of Environmental Management, I have issued a decision regarding the enclosed matter. Pursuant to IC 13-17-3-4 and 326 IAC 2, this approval is effective immediately, unless a petition for stay of effectiveness is filed and granted, and may be revoked or modified in accordance with the provisions of IC 13-15-7-1.

If you wish to challenge this decision, IC 4-21.5-3-7 and IC 13-15-7-3 require that you file a petition for administrative review. This petition may include a request for stay of effectiveness and must be submitted to the Office Environmental Adjudication, 100 North Senate Avenue, Government Center North, Room 1049, Indianapolis, IN 46204, **within eighteen (18) calendar days of the mailing of this notice**. The filing of a petition for administrative review is complete on the earliest of the following dates that apply to the filing:

- (1) the date the document is delivered to the Office of Environmental Adjudication (OEA);
- (2) the date of the postmark on the envelope containing the document, if the document is mailed to OEA by U.S. mail; or
- (3) The date on which the document is deposited with a private carrier, as shown by receipt issued by the carrier, if the document is sent to the OEA by private carrier.

The petition must include facts demonstrating that you are either the applicant, a person aggrieved or adversely affected by the decision or otherwise entitled to review by law. Please identify the permit, decision, or other order for which you seek review by permit number, name of the applicant, location, date of this notice and all of the following:

- (1) the name and address of the person making the request;
- (2) the interest of the person making the request;
- (3) identification of any persons represented by the person making the request;
- (4) the reasons, with particularity, for the request;
- (5) the issues, with particularity, proposed for considerations at any hearing; and
- (6) identification of the terms and conditions which, in the judgment of the person making the request, would be appropriate in the case in question to satisfy the requirements of the law governing documents of the type issued by the Commissioner.

If you have technical questions regarding the enclosed documents, please contact the Office of Air Quality, Permits Branch at (317) 233-0178. Callers from within Indiana may call toll-free at 1-800-451-6027, ext. 3-0178.

Enclosures
FNPER-MOD.dot 1/10/05



INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

We make Indiana a cleaner, healthier place to live.

Mitchell E. Daniels, Jr.
Governor

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January 26, 2005

Mr. James E. Reed, Jr.
DaimlerChrysler Corporation - Kokomo Transmission Plant
2401 South Reed Road
Kokomo, IN 46904

Re: **067-19553-00065**
Fourth Minor Permit Modification to
Part 70 No.: T 067-6504-00065

Dear Mr. Reed:

DaimlerChrysler Corporation was issued a permit on September 1, 1999 for a transmission manufacturing source. A letter requesting changes to this permit was received on July 27, 2004. Pursuant to the provisions of 326 IAC 2-7-12 a minor permit modification to this permit is hereby approved as described in the attached Technical Support Document.

The modification consists of forty (40) additional wet machines for the 62 TE transmission manufacturing process.

The changes in the Part 70 Operating Permit are documented in the Technical Support Document. All other conditions of the permit shall remain unchanged and in effect. Please attach a copy of this modification and the following revised permit pages to the front of the original permit.

This decision is subject to the Indiana Administrative Orders and Procedures Act - IC 4-21.5-3-5. If you have any questions on this matter, please contact Patrick Brennan, c/o OAQ, 100 North Senate Avenue, P.O. Box 6015, Indianapolis, Indiana, 46206-6015, at 631-691-3395 ext. 21, or in Indiana at 1-800-451-6027 (ext 631-691-3395).

Sincerely,

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

Attachments
PTB/MES

cc: File - Howard County
U.S. EPA, Region V
Howard County Health Department
Air Compliance Section Inspector - Marc Goldman
Compliance Branch
Administrative and Development Section
Billing, Licensing and Training - Michele Boner



Mitchell E. Daniels, Jr.
 Governor

Thomas W. Easterly
 Commissioner

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**PART 70 OPERATING PERMIT
 OFFICE OF AIR QUALITY**

**DaimlerChrysler Corporation
 Kokomo Transmission Plant
 2401 South Reed Road
 Kokomo, Indiana 46904**

(herein known as the Permittee) is hereby authorized to operate subject to the conditions contained herein, the source described in Section A (Source Summary) of this permit.

This permit is issued in accordance with 326 IAC 2 and 40 CFR Part 70 Appendix A and contains the conditions and provisions specified in 326 IAC 2-7 and 326 IAC 2-1-3.2 as required by 42 U.S.C. 7401, et. seq. (Clean Air Act as amended by the 1990 Clean Air Act Amendments), 40 CFR Part 70.6, IC 13-15 and IC 13-17.

Operation Permit No.: 067-6504-00065	
Issued by: Janet G. McCabe, Assistant Commissioner Office of Air Quality	Issuance Date: September 1, 1999 Expiration Date: September 1, 2004
1 st Administrative Amendment 067-11399-00065, issued November 9, 1999 2 nd Administrative Amendment 067-13661-00065, issued March 26, 2001 3 rd Administrative Amendment 067-11981-00065, issued April 27, 2000 4 th Administrative Amendment 067-11990-00065, issued September 1, 2000 5 th Administrative Amendment 067-15176-00065, issued March 15, 2002 1 st Minor Source Modification 067-11163-00065, issued September 30, 1999 2 nd Minor Source Modification 067-11508-00065, issued December 8, 1999 3 rd Minor Source Modification 067-14232-00065, issued May 1, 2001 1 st Significant Source Modification 067-12243-00065, issued January 4, 2001 1 st Significant Permit Modification 067-15918-00065, issued October 17, 2002 6 th Administrative Amendment 067-16442-00065, issued January 6, 2003 1 st Minor Permit Modification 067-16664-00065, issued April 24, 2003 2 nd Significant Source Modification 067-16686-00065, issued June 23, 2003 2 nd Significant Permit Modification 067-16788-00065, issued July 8, 2003 4 th Minor Source Modification 067-17799-00065, issued September 16, 2003 2 nd Minor Permit Modification 067-17714-00065, issued September 16, 2003 3 rd Minor Permit Modification 067-18500-00065, issued May 18, 2004 7 th Administrative Amendment 067-19500-00065, issued August 19, 2004	
Fourth Minor Permit Modification No. MPM 067-19553-00065	Sections Affected: A.2, B.26, D.17
Issued by: Original Signed by Paul Dubenetzy, Branch Chief Office of Air Quality	Issuance Date: January 26, 2005

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Certification Form

Emergency/Deviation Occurrence Report

Natural Gas Fired Boiler Certification

Monthly Report Form

Quarterly Report Form

Quarterly Compliance Monitoring Report

22. One hundred (100) wet machines, controlled by oil mist collectors. Each machine has a maximum air flow rate of 1,000 actual cubic feet per minute (acfm).
23. Seven (7) natural gas-fired atmosphere generators, with heat treat atmosphere from the atmosphere generators combusted by flaring as it exits the associated heat treat furnaces, each with a maximum heat input capacity of one (1) MMBtu per hour.
24. Thirty (30) wet machines, controlled by oil mist collectors. Each machine has a maximum air flow rate of 1,000 actual cubic feet per minute (acfm).
25. Forty (40) wet machines, to be constructed in 2004, each controlled by an oil mist collector. Each machine has a maximum air flow rate of 1,000 actual cubic feet per minute (acfm).

- (b) The written notification shall be sufficient to transfer the permit to the new owner by an administrative amendment pursuant to 326 IAC 2-7-11. The notification which shall be submitted by the Permittee does not require the certification by the "responsible official" as defined by 326 IAC 2-7-1(34).
- (c) IDEM, OAM, shall reserve the right to issue a new permit.

B.26 Annual Fee Payment [326 IAC 2-7-19] [326 IAC 2-7-5(7)]

- (a) The Permittee shall pay annual fees to IDEM, OAM, within thirty (30) calendar days of receipt of a billing. If the Permittee does not receive a bill from IDEM, OAM the applicable fee is due April 1 of each year, unless a different schedule is allowed by 326 IAC 2-7-19.
- (b) Failure to pay may result in administrative enforcement action, or revocation of this permit.
- (c) The Permittee may call the following telephone numbers: 1-800-451-6027 or 317-233-4230 (ask for OAQ, Billing, Licensing and Training Section), to determine the appropriate permit fee.

SECTION D.17

FACILITY OPERATION CONDITIONS

Facility Description [326 IAC 2-7-5(15)]: Wet Machines

25. Forty (40) wet machines, to be constructed in 2004, each controlled by an oil mist collector. Each machine has a maximum air flow rate of 1,000 actual cubic feet per minute (acfm).

(The information describing the process contained in this facility description box is descriptive information and does not constitute enforceable conditions.)

Emission Limitations and Standards [326 IAC 2-7-5(1)]

D.17.1 PM/PM₁₀ [326 IAC 2-2]

- (a) PM emissions from each wet machine shall not exceed 0.077 pound per hour.
- (b) PM₁₀ emissions from each wet machine shall not exceed 0.077 pound per hour.
- (c) Compliance with the above limits will ensure that the total PM and PM₁₀ emissions from Minor Source Modification 067-19417-00065 are less than 25 and 15 tons per year, respectively. Therefore, the requirements of 326 IAC 2-2 (Prevention of Significant Deterioration) do not apply.

D.17.2 Particulate Matter (PM) [326 IAC 6-1]

Pursuant to 326 IAC 6-1-2(a) (Nonattainment Area Particulate Limitations), particulate matter (PM) emissions from each of the oil mist collectors controlling the forty (40) wet machines shall not exceed 0.03 grain per dry standard cubic foot of exhaust air.

D.17.3 Volatile Organic Compounds (VOC) [326 IAC 8-1-6]

Any change or modification which may increase the total VOC emissions to 25 tons per year or more from the forty (40) wet machines shall require prior approval of the IDEM, OAQ, and be subject to the requirements of 326 IAC 8-1-6 (New Facilities, General Reduction Requirements) before any such change may occur.

D.17.4 Preventive Maintenance Plan [326 IAC 2-7-5(13)]

A Preventive Maintenance Plan, in accordance with Section B - Preventive Maintenance Plan, of this permit, is required for these facilities and their control devices.

Compliance Determination Requirements

D.17.5 PM/PM₁₀ Control

The oil mist collectors for particulate control shall be in operation and control emissions from the forty (40) wet machines at all times that the wet machines are in operation.

D.17.6 Testing Requirements [326 IAC 2-7-6(1),(6)] [326 IAC 2-1.1-11]

Within sixty (60) days after achieving maximum production rate, but not later than one hundred and eighty (180) days after startup and connection of the first four (4) mist collectors to the wet machines, the Permittee shall conduct a performance test to determine compliance with Conditions D.17.1 and D.17.2, utilizing methods as approved by the Commissioner. This test shall be performed on four (4) representative oil mist collectors, or a lesser number as approved by the Commissioner. These may be new oil mist collectors or existing collectors reconfigured for the new wet machines. This test shall be repeated at least once every five years from the date of the most recent valid compliance demonstration. Testing shall be conducted in accordance with Section C - Performance Testing.

Compliance Monitoring Requirements [326 IAC 2-7-6(1)] [326 IAC 2-7-5(1)]

D.17.7 Visible Emissions Notations

- (a) Visible emission notations of the oil mist collector stack exhausts shall be performed once per day during normal daylight operations when exhausting to the atmosphere. A trained employee shall record whether emissions are normal or abnormal.
- (b) For processes operated continuously, "normal" means those conditions prevailing, or expected to prevail, eighty percent (80%) of the time the process is in operation, not counting startup or shut down time.
- (c) In the case of batch or discontinuous operations, readings shall be taken during that part of the operation that would normally be expected to cause the greatest emissions.
- (d) A trained employee is an employee who has worked at the plant at least one (1) month and has been trained in the appearance and characteristics of normal visible emissions for that specific process.
- (e) The Compliance Response Plan for this unit shall contain troubleshooting contingency and response steps for when an abnormal emission is observed. Failure to take response steps in accordance with Section C - Compliance Response Plan - Preparation, Implementation, Records, and Reports, shall be considered a deviation from this permit.

D.17.8 Parametric Monitoring

The Permittee shall record the total static pressure drop across the oil mist collectors used in conjunction with the forty (40) wet machines, at least once weekly when the wet machines are in operation when venting to the atmosphere. When for any one reading, the pressure drop across the oil mist collector is outside the normal range of 0.1 and 2.5 inches of water or a range established during the latest stack test, the Permittee shall take reasonable response steps in accordance with Section C- Compliance Response Plan - Preparation, Implementation, Records, and Reports. A pressure reading that is outside the above mentioned range is not a deviation from this permit. Failure to take response steps in accordance with Section C - Compliance Response Plan - Preparation, Implementation, Records, and Reports, shall be considered a deviation from this permit.

The instrument used for determining the pressure shall comply with Section C - Pressure Gauge and Other Instrument Specifications, of this permit, shall be subject to approval by IDEM, OAQ, and shall be calibrated at least once every six (6) months.

Record Keeping and Reporting Requirement [326 IAC 2-7-5(3)] [326 IAC 2-7-19]

D.17.9 Record Keeping Requirements

- (a) To document compliance with Conditions D.17.1 and D.17.2, the Permittee shall maintain records of all stack tests.
- (b) To document compliance with Condition D.17.7, the Permittee shall maintain the following:
 - (1) Records of daily visible emission notations of the oil mist collector stack exhausts.
 - (2) Records indicating which oil mist collectors are connected to the forty (40) wet machines on each day that visible emissions notations are taken.
- (c) To document compliance with Condition D.17.8, the Permittee shall maintain weekly records of the total static pressure drop during normal operation when venting to the atmosphere.

- (d) All records shall be maintained in accordance with Section C - General Record Keeping Requirements, of this permit.

Indiana Department of Environmental Management Office of Air Quality

Technical Support Document (TSD) for a Part 70 Minor Source Modification and Minor Permit Modification

Source Background and Description

Source Name:	DaimlerChrysler Corporation Kokomo Transmission Plant
Source Location:	2401 South Reed Road, Kokomo, Indiana 46904
County:	Howard
SIC Code:	3714
Operation Permit No.:	T 067-6504-00065
Operation Permit Issuance Date:	September 1, 1999
Minor Source Modification No.:	067-19417-00065
Minor Permit Modification No.:	067-19553-00065
Permit Reviewer:	Patrick Brennan/MES

The Office of Air Quality (OAQ) has reviewed a modification application from Daimler Chrysler Corporation relating to the construction and operation of the following emission units and pollution control devices:

25. Forty (40) wet machines, each controlled by an oil mist collector. Each machine has a maximum air flow rate of 1,000 actual cubic feet per minute.

History

On July 27, 2004, the DaimlerChrysler Corporation submitted an application to the OAQ requesting to add forty (40) additional wet machines to their existing plant. Wet machines are computerized metal lathes and grinding devices which make automotive parts. They operate in an enclosed box, and are sprayed with oil for lubrication and cooling. The wet machine enclosures are ventilated, and lubricating oil PM/PM₁₀ emissions in the exhaust air are controlled by the oil mist collectors. DaimlerChrysler Corporation was issued a Part 70 permit on September 1, 1999.

An interim source modification approval, 067-19417I-00056, was issued on August 20, 2004.

During the review process for this permit, the Office of Air Quality requested that the applicant justify why, when addressing PSD significance levels, emissions increases in this approval should not be combined with emissions increases from SSM 067-16686-00065, issued on June 23, 2003, and MSM 067-17799-00065, issued on September 16, 2003, since all three (3) permits involved similar types of equipment.

The applicant has stated that each of these modifications is for a separate distinct production process, as follows:

- (a) SSM 067-16686-00065 was for what is referred to as the Best In Class (BIC) project. The BIC project involved modernization and upgrade of manufacturing equipment, support systems and controls to produce parts for more complex transmission and drive train products being manufactured at the source.
- (b) MSM 067-17799-00065, issued on September 16, 2003, involved equipment being moved

from the DaimlerChrysler Corporation New Castle Machining and Forge Facility, in New Castle, Indiana, known as the Machine Move Project. When the New Castle facility was sold to Metaldyne Corporation, certain assets were retained by DaimlerChrysler. These assets included the thirty (30) wet machines permitted in MSM 067-17799-00065. This project was previously determined to be a separate modification from SSM 067-16686-00065, issued on June 23, 2003.

- (c) The forty (40) additional wet machines being permitted in this application will be used in the manufacture of the 62 TE transmissions and the 41 TE transmissions. This is considered the "62TE Project." The 62TE Project is for a new product and production process for transmissions to be introduced in the 2006 model year. Without the proposed project, the new vehicle platforms developed by DaimlerChrysler Corporation for future vehicles would not be feasible. Since this modification is not major pursuant to 326 IAC 2-2, PSD, the accumulation of contemporaneous increases is not required. However, the applicant provided the following reasons for why this is considered a separate modification from SSM 067-16686-00065 and from MSM 067-17799-00065:
- (1) The submittal of this application was more than a year after the submittal of the application for the two (2) previous modifications.
 - (2) The BIC project was designed to improve the quality of the components and final products facility-wide. The Machine Move Project was for a relocation of equipment due to the sale of an existing facility. Neither of the previous modifications was intended to support a future project or new transmission, such as the 62 TE or 41 TE transmissions.
 - (3) Internal appropriation requests for the BIC project were made on May 24, 2002, the request for the Machine Move Project was made on May 28, 2003, and the request for the 62TE Project was made on September 12, 2003. The appropriation request for the 62TE Project was not artificially separated from the other two (2) requests. The projects had completely different purposes. The purpose of the proposed project is to improve vehicle performance and fuel efficiency consistent with the Corporate Average Fuel Economy (CAFE) standards. In addition, Daimler Chrysler Corporation was conservative in that they included both the 62 TE and 41 TE transmissions in this permit application, although the appropriation requests were separate (both are considered the "62TE Project" for the purpose of this review).
 - (4) The three (3) modifications are not an attempt to increase the production capacity of the source through small increments. The proposed project will allow the production of new products, but will not increase the overall production capacity of the source.
 - (5) None of the three (3) projects are dependent upon the other. If either of the previous projects did not take place, DaimlerChrysler Corporation would still pursue the proposed project.

Source Definition

The operation of machining, cleaning, and heat treating facilities to produce transmissions for use in automobiles and light duty trucks company consists of two (2) plants:

- (a) Plant 1 is the Kokomo Transmission Plant (KTP), located at 2401 South Reed Road, Kokomo, IN 46904; and
- (b) Plant 2 is the Kokomo Casting Plant (KCP), located at 1001 East Boulevard, Kokomo, IN

46904.

During the Part 70 permitting process, it was determined that the two (2) plants should be treated as one (1) Title V source. Solely for administrative purposes, the plants were issued separate Part 70 permits. The DaimlerChrysler Kokomo Transmission Plant was permitted as Part 70 Permit No. T-067-6504-00065, and the DaimlerChrysler Kokomo Casting Plant was permitted as Part 70 Permit No. T-067-5246-00065. This modification is to the Kokomo Transmission Plant permit only.

Enforcement Issue

There are no enforcement actions pending.

Stack Summary

There will be certain new stacks associated with this modification. The new wet machines will be connected to and controlled by both new and existing oil mist collectors. Because the machines are constantly being moved and reconfigured, the stack connected to a given wet machine changes with time. Condition D.17.9 requires the applicant to maintain records of which machines are connected to which stacks in order to determine compliance with the requirement to perform the visual emissions monitoring required by Condition D.17.7.

Recommendation

The staff recommends to the Commissioner that the Part 70 Minor Source and Minor Permit Modifications be approved. This recommendation is based on the following facts and conditions:

Unless otherwise stated, information used in this review was derived from the application and additional information submitted by the applicant.

An application for the purposes of this review was received on July 27, 2004.

Emission Calculations

The calculations submitted by the applicant have been verified and found to be accurate and correct. These calculations are provided in Appendix A on page 13 of 13 of this document.

Potential To Emit of Modification

Pursuant to 326 IAC 2-1.1-1(16), Potential to Emit is defined as the maximum capacity of a stationary source to emit any air pollutant under its physical and operational design. Any physical or operational limitation on the capacity of a source to emit an air pollutant, including air pollution control equipment and restrictions on hours of operation or type or amount of material combusted, stored, or processed shall be treated as part of its design if the limitation is enforceable by the U.S. EPA.

This table reflects the PTE before controls for this modification. Control equipment is not considered federally enforceable until it has been required in a federally enforceable permit.

Pollutant	Potential To Emit (tons/year)
PM	13.5
PM ₁₀	13.5
SO ₂	-
VOC	1.16
CO	-
NO _x	-

HAPs	Potential To Emit (tons/year)
Formaldehyde	0.0001
TOTAL	0.0001

Justification for Modification

The Part 70 Operating permit is being modified through a Part 70 Minor Source Modification. This modification is being performed pursuant to 326 IAC 2-7-10.5(d)(4), because potential PM and PM₁₀ emissions are less than twenty-five (25) tons per year, and more than five (5) tons per year. The Interim Source Modification Approval has given the source approval to construct. The proposed operating conditions shall be incorporated into the Part 70 Operating Permit as a Minor Permit Modification (MPM 067-19553-00065) in accordance with 326 IAC 2-7-12(b)(1). Because this Minor Source Modification is being incorporated into the Part 70 permit through a Minor Permit Modification, the source may begin operating the proposed emission units upon issuance of the Minor Source Modification.

County Attainment Status

The source is located in Howard County.

Pollutant	Status
PM ₁₀	attainment
SO ₂	attainment
NO ₂	attainment
1-Hour Ozone	attainment
8-Hour Ozone	attainment
CO	attainment
Lead	attainment

- (a) Volatile organic compounds (VOC) and nitrogen oxides (NO_x) are regulated under the Clean Air Act (CAA) for the purposes of attaining and maintaining the National Ambient Air Quality Standards (NAAQS) for ozone. Therefore, VOC and NO_x emissions are considered when

evaluating the rule applicability relating to ozone. Howard County has been designated as attainment or unclassifiable for ozone. Therefore, VOC and NO_x emissions were reviewed pursuant to the requirements for Prevention of Significant Deterioration (PSD), 326 IAC 2-2.

- (b) Howard County has been classified as attainment or unclassifiable in Indiana for all remaining criteria pollutants. Therefore, these emissions were reviewed pursuant to the requirements for Prevention of Significant Deterioration (PSD), 326 IAC 2-2. See the State Rule Applicability for the source section.
- (c) **Fugitive Emissions**
Since this type of operation is not one of the 28 listed source categories under 326 IAC 2-2 or 2-3 and since there are no applicable New Source Performance Standards that were in effect on August 7, 1980, the fugitive particulate matter (PM) and volatile organic compound (VOC) emissions are not counted toward determination of PSD and Emission Offset applicability.

Source Status

Existing Source PSD or Emission Offset Definition (emissions after controls, based upon 8760 hours of operation per year at rated capacity and/or as otherwise limited):

Pollutant	Emissions (tons/year)
PM	greater than 250
PM ₁₀	greater than 250
SO ₂	greater than 250
VOC	greater than 250
CO	greater than 250
NO _x	greater than 250

- (a) This existing source is a major stationary source because an attainment regulated pollutant is emitted at a rate of two hundred fifty (250) tons per year or more, and it is not one of the 28 listed source categories.
- (b) These emissions are based upon information contained in the Technical Support Document for the Part 70 permit for this source, T 067-6504-00065.

Potential to Emit of Modification After Issuance

The table below summarizes the potential to emit, reflecting all limits, of the significant emission units after controls. The control equipment is considered federally enforceable only after issuance of this Part 70 source modification.

Pollutant	PM (tons/yr)	PM ₁₀ (tons/yr)	SO ₂ (tons/yr)	VOC (tons/yr)	CO (tons/yr)	NO _x (tons/yr)
Proposed Modification	13.5	13.5	-	1.16	-	-
Contemporaneous Increases	-	-	-	-	-	-
Contemporaneous Decreases	-	-	-	-	-	-
Net Emissions	13.5	13.5	-	1.16	-	-
PSD Significant Level	25	15	40	40	100	40

- (a) This modification to an existing major stationary source is not major because the emissions increase is less than the PSD significant levels. Therefore, pursuant to 326 IAC 2-2, the PSD requirements do not apply.
- (b) The applicant has submitted emissions calculations for the wet machines based on stack tests at similar machines. PM is assumed to equal PM₁₀. The calculated PM and PM₁₀ emissions from the wet machines are based on a grain loading of 0.009 gr/dscf, which is the calculated emission rate before controls. This grain loading was back-calculated from an assumed after controls emission rate of 0.0018 gr/dscf, and a control efficiency of 80 percent. The 0.0018 gr/dscf after controls emission factor will be verified by stack testing.
- (c) The emission limitations in Condition D.17.1 (PM/PM₁₀ [326 IAC 2-2]) of the permit are based on the limited potential to emit in the preceding table, which are uncontrolled emissions. However, Condition D.17.5 (PM/PM₁₀ Control) requires that the oil mist collectors be in operation at all times the forty (40) wet machines are in operation.
- (d) The permittee has requested that permit conditions be worded in a manner that would allow DaimlerChrysler to operate the wet machines without controls, if stack tests confirm the uncontrolled PM₁₀ emission factor of 0.009 gr/dscf, which is equivalent to 13.5 tons per year. The Office of Air Quality has denied this request, and suggested that DaimlerChrysler apply for a permit modification to remove the requirement to operate the oil mist collectors if stack testing data validates the 0.009 gr/dscf emission factor. DaimlerChrysler has indicated that it intends to conduct stack tests to confirm both the uncontrolled PM₁₀ emission factor of 0.009 gr/dscf, and the controlled PM₁₀ emission factor of 0.0018 gr/dscf. The test of controlled PM₁₀ emissions will fulfill the requirements of Condition D.17.6 of the permit.

Federal Rule Applicability

- (a) This significant permit modification does not involve a pollutant-specific emissions unit as defined in 40 CFR 64.1 for PM₁₀:
 - (1) with the potential to emit before controls equal to or greater than the major source threshold for PM₁₀;
 - (2) that is subject to an emission limitation or standard for PM₁₀; and
 - (3) uses a control device as defined in 40 CFR 64.1 to comply with that emission limitation or standard.
- (b) There are no New Source Performance Standards (NSPS)(326 IAC 12 and 40 CFR Part 60)

applicable to this proposed modification.

- (c) There are no National Emission Standards for Hazardous Air Pollutants (NESHAPs)(326 IAC 14, 326 IAC 20, 40 CFR 61 and 40 CFR Part 63) applicable to this proposed modification.

State Rule Applicability - Individual Facilities

326 IAC 2-2 (Prevention of Significant Deterioration (PSD))

The existing source is a major PSD source. However, because potential emissions of all criteria pollutants, after controls, are below the PSD significant levels, the modification is not subject to the requirements of 326 IAC 2-2 (Prevention of Significant Deterioration).

326 IAC 5-1 (Opacity Limitations)

Pursuant to 326 IAC 5-1-2 (Opacity limitations), except as provided in 326 IAC 5-1-3 (Temporary alternative opacity limitations), opacity shall meet the following, unless otherwise stated in this permit:

- (a) Opacity shall not exceed an average of forty percent (40%) any one (1) six (6) minute averaging period as determined in 326 IAC 5-1-4.
- (b) Opacity shall not exceed sixty percent (60%) for more than a cumulative total of fifteen (15) minutes (sixty (60) readings as measured according to 40 CFR Part 60, Appendix A, Method 9 or fifteen (15) one (1) minute nonoverlapping integrated averages for a continuous opacity monitor) in a six (6) hour period.

326 IAC 6-1 (Particulate Limitations)

Because the proposed modification is located in Howard County, 326 IAC 6-1-2 (Nonattainment Area Particulate Limitations) is applicable. Pursuant to 326 IAC 6-1-2 (a), particulate emissions from the forty (40) wet machines shall not exceed 0.03 grains per dry standard cubic foot.

The grain loadings submitted by the applicant, shown on page 13 of 13 of this document, verify that these machines can comply with this rule.

326 IAC 6-3-2 (Particulate Emission Limitations for Manufacturing Processes)

Pursuant to 326 IAC 6-3-1(b)(1), if a limit is established by 326 IAC 6-1, then the limitation contained in 326 IAC 6-3 shall not apply. Therefore, since the forty (40) wet machines are subject to the requirements of 326 IAC 6-1-2 (a), the requirements of 326 IAC 6-3-2 are not applicable.

326 IAC 8-1-6 (New facilities; General Reduction Requirements)

Because the wet machines have VOC emissions and are covered by no other provisions of Article 8, 326 IAC 8-1-6 could be applicable. However, because total uncontrolled potential VOC emissions from the forty (40) wet machines are less than 25 tons per year, 326 IAC 8-1-6 is not applicable. Any change or modification which would increase the total potential to emit VOC to 25 tons per year shall require prior approval from the Office of Air Quality prior to making the change.

Stack Testing Requirements

Compliance stack tests on four (4) representative oil mist collectors shall be conducted within sixty (60) days after achieving maximum production rate, but not later than one hundred and eighty (180) days after startup and connection of the first four (4) mist collectors to the wet machines. These may

be either new or existing mist collectors. The Permittee shall conduct PM and PM₁₀ performance tests utilizing methods as approved by the Commissioner. These tests shall be repeated at least once every five years from the date of the most recent valid compliance demonstration. Testing shall be conducted in accordance with Section C - Performance Testing.

Stack tests conducted on similar oil mist collectors already in existence at the source have used a modified US EPA Method 5. The modified Method 5 differs from the standard US EPA Method 5 in that the heated probe/filter temperature can be less than 68 degrees F. If stack gas conditions allow, this method may be used. A final determination will be reached between the source and the IDEM Compliance Data Section during the review and approval of the source sampling protocol.

Compliance Requirements

Permits issued under 326 IAC 2-7 are required to ensure that sources can demonstrate compliance with applicable state and federal rules on a more or less continuous basis. All state and federal rules contain compliance provisions, however, these provisions do not always fulfill the requirement for a more or less continuous demonstration. When this occurs IDEM, OAQ, in conjunction with the source, must develop specific conditions to satisfy 326 IAC 2-7-5. As a result, compliance requirements are divided into two sections: Compliance Determination Requirements and Compliance Monitoring Requirements.

Compliance Determination Requirements in Section D of the permit are those conditions that are found more or less directly within state and federal rules and the violation of which serves as grounds for enforcement action. If these conditions are not sufficient to demonstrate continuous compliance, they will be supplemented with Compliance Monitoring Requirements, also Section D of the permit.

Unlike Compliance Determination Requirements, failure to meet Compliance Monitoring conditions would serve as a trigger for corrective actions and not grounds for enforcement action. However, a violation in relation to a compliance monitoring condition will arise through a source's failure to take the appropriate corrective actions within a specific time period.

The compliance monitoring requirements applicable to the forty (40) wet machines are specified below:

- (a) Visible emissions notations of the oil mist collector stacks shall be performed once per day during normal daylight operations. A trained employee will record whether emissions are normal or abnormal. For processes operated continuously "normal" means those conditions prevailing, or expected to prevail, eighty percent (80%) of the time the process is in operation, not counting startup or shut down time. In the case of batch or discontinuous operations, readings shall be taken during that part of the operation that would normally be expected to cause the greatest emissions. A trained employee is an employee who has worked at the plant at least one (1) month and has been trained in the appearance and characteristics of normal visible emissions for that specific process. The Compliance Response Plan for this unit shall contain troubleshooting contingency and response steps for when an abnormal emission is observed. Failure to take response steps in accordance with Section C - Compliance Response Plan - Preparation, Implementation, Records, and Reports, shall be considered a deviation from this permit.
- (b) The Permittee shall record the total static pressure drop across the oil mist collectors controlling the forty (40) wet machines, at least once weekly when the wet machines are in operation. Unless operated under conditions for which the Preventive Maintenance Plan specifies otherwise, the pressure drop across the oil mist collectors shall be maintained within the range of 0.1 to 2.5 inches of water or a range established during the latest stack test. The Compliance Response Plan for this unit shall contain troubleshooting contingency and response steps for when the pressure reading is outside of the above mentioned range

for any one reading. Failure to take response steps in accordance with Section C - Compliance Response Plan - Preparation, Implementation, Records, and Reports, shall be considered a deviation from this permit.

These monitoring conditions are necessary because the oil mist collectors for the wet machines must operate properly to ensure compliance with 326 IAC 6-1 (Particulate Limitations).

Proposed Changes

The permit language is changed to read as follows (deleted language appears as ~~strikeouts~~, new language appears in bold):

1. The wet machines have been added to the equipment description in Section A.2 of the permit as follows:
 25. **Forty (40) wet machines, to be constructed in 2004, each controlled by an oil mist collector. Each machine has a maximum air flow rate of 1,000 actual cubic feet per minute (acfm).**
2. Section D.17 has been added to the permit as follows:

SECTION D.17 FACILITY OPERATION CONDITIONS

Facility Description [326 IAC 2-7-5(15)]: Wet Machines - 62 TE Transmission
--

- | |
|---|
| <ol style="list-style-type: none">25. Forty (40) wet machines, to be constructed in 2004, each controlled by an oil mist collector. Each machine has a maximum air flow rate of 1,000 actual cubic feet per minute (acfm). |
|---|

<p>(The information describing the process contained in this facility description box is descriptive information and does not constitute enforceable conditions.)</p>
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Emission Limitations and Standards [326 IAC 2-7-5(1)]

D.17.1 PM/PM₁₀ [326 IAC 2-2]

- (a) **PM emissions from the each wet machine shall not exceed 0.077 pound per hour.**
- (b) **PM₁₀ emissions from each wet machine shall not exceed 0.077 pound per hour.**
- (c) **Compliance with the above limits will ensure that the total PM and PM₁₀ emissions from Minor Source Modification 067-19417-00065 are less than 25 and 15 tons per year, respectively. Therefore, the requirements of 326 IAC 2-2 (Prevention of Significant Deterioration) do not apply.**

D.17.2 Particulate Matter (PM) [326 IAC 6-1]

Pursuant to 326 IAC 6-1-2(a) (Nonattainment Area Particulate Limitations), particulate matter (PM) emissions from each of the oil mist collectors controlling the forty (40) wet machines shall not exceed 0.03 grain per dry standard cubic foot of exhaust air.

D.17.3 Volatile Organic Compounds (VOC) [326 IAC 8-1-6]

Any change or modification which may increase the total VOC emissions to 25 tons per year or more from the forty (40) wet machines shall require prior approval of the IDEM, OAQ, and be subject to the requirements of 326 IAC 8-1-6 (New Facilities, General Reduction Requirements) before any such change may occur.

D.17.4 Preventive Maintenance Plan [326 IAC 2-7-5(13)]

A Preventive Maintenance Plan, in accordance with Section B - Preventive Maintenance Plan, of this permit, is required for these facilities and their control devices.

Compliance Determination Requirements

D.17.5 PM/PM₁₀ Control

The oil mist collectors for particulate control shall be in operation and control emissions from the forty (40) wet machines at all times that the wet machines are in operation.

D.17.6 Testing Requirements [326 IAC 2-7-6(1),(6)] [326 IAC 2-1.1-11]

Within sixty (60) days after achieving maximum production rate, but not later than one hundred and eighty (180) days after startup and connection of the first four (4) mist collectors to the wet machines, the Permittee shall conduct a performance test to determine compliance with Conditions D.17.1 and D.17.2, utilizing methods as approved by the Commissioner. This test shall be performed on four (4) representative oil mist collectors, or a lesser number as approved by the Commissioner. These may be new oil mist collectors or existing collectors reconfigured for the new wet machines. This test shall be repeated at least once every five years from the date of the most recent valid compliance demonstration. Testing shall be conducted in accordance with Section C - Performance Testing.

Compliance Monitoring Requirements [326 IAC 2-7-6(1)] [326 IAC 2-7-5(1)]

D.17.7 Visible Emissions Notations

- (a) Visible emission notations of the oil mist collector stack exhausts shall be performed once per day during normal daylight operations when exhausting to the atmosphere. A trained employee shall record whether emissions are normal or abnormal.
- (b) For processes operated continuously, "normal" means those conditions prevailing, or expected to prevail, eighty percent (80%) of the time the process is in operation, not counting startup or shut down time.
- (c) In the case of batch or discontinuous operations, readings shall be taken during that part of the operation that would normally be expected to cause the greatest emissions.
- (d) A trained employee is an employee who has worked at the plant at least one (1) month and has been trained in the appearance and characteristics of normal visible emissions for that specific process.
- (e) The Compliance Response Plan for this unit shall contain troubleshooting contingency and response steps for when an abnormal emission is observed. Failure to take response steps in accordance with Section C - Compliance Response Plan -

Preparation, Implementation, Records, and Reports, shall be considered a deviation from this permit.

D.17.8 Parametric Monitoring

The Permittee shall record the total static pressure drop across the oil mist collectors used in conjunction with the forty (40) wet machines, at least once weekly when the wet machines are in operation when venting to the atmosphere. When for any one reading, the pressure drop across the oil mist collector is outside the normal range of 0.1 and 2.5 inches of water or a range established during the latest stack test, the Permittee shall take reasonable response steps in accordance with Section C- Compliance Response Plan - Preparation, Implementation, Records, and Reports. A pressure reading that is outside the above mentioned range is not a deviation from this permit. Failure to take response steps in accordance with Section C - Compliance Response Plan - Preparation, Implementation, Records, and Reports, shall be considered a deviation from this permit.

The instrument used for determining the pressure shall comply with Section C - Pressure Gauge and Other Instrument Specifications, of this permit, shall be subject to approval by IDEM, OAQ, and shall be calibrated at least once every six (6) months.

Record Keeping and Reporting Requirement [326 IAC 2-7-5(3)] [326 IAC 2-7-19]

D.17.9 Record Keeping Requirements

- (a) To document compliance with Conditions D.17.1 and D.17.2, the Permittee shall maintain records of all stack tests.
 - (b) To document compliance with Condition D.17.7, the Permittee shall maintain the following:
 - (1) Records of daily visible emission notations of the oil mist collector stack exhausts.
 - (2) Records indicating which oil mist collectors are connected to the forty (40) wet machines on each day that visible emissions notations are taken.
 - (c) To document compliance with Condition D.17.8, the Permittee shall maintain weekly records of the total static pressure drop during normal operation when venting to the atmosphere.
 - (d) All records shall be maintained in accordance with Section C - General Record Keeping Requirements, of this permit.
3. Condition B.26 has been updated to include an updated telephone number and contact information. The revised condition is as follows:

B.26 Annual Fee Payment [326 IAC 2-7-19] [326 IAC 2-7-5(7)]

- (a) The Permittee shall pay annual fees to IDEM, OAM, within thirty (30) calendar days of receipt of a billing. If the Permittee does not receive a bill from IDEM, OAM the applicable fee is due April 1 of each year, unless a different schedule is allowed by 326 IAC 2-7-19.
- (b) Failure to pay may result in administrative enforcement action, or revocation of this permit.
- (c) The Permittee may call the following telephone numbers: 1-800-451-6027 or 317-233-0425 **4230** (ask for **OAQ Billing, Licensing and Training** ~~OAM, Technical Support and Modeling Section~~), to determine the appropriate permit fee.

Conclusion

The construction and operation of this proposed modification shall be subject to the conditions of the attached proposed Part 70 Minor Source Modification No. 067-19417-00065 and Minor Permit Modification 067-19553-00065.

Appendix A

Summary of Applicant Submitted Emission Calculations

Wet Machining Operations

The applicant plans to install 40 wet machining units. PM_{10} and VOC emissions from these machines are generated as oil mist droplets from the cutting fluids used to lubricate the machining process. These units will all be enclosed, with emissions controlled by oil mist collectors.

The most recent stack tests from similar wet machines located at the source found maximum outlet grain loadings of 0.0014 gr/dscf. The applicant has made the assumption that outlet grain loadings from the new machining units will be 0.0018 gr/dscf.

Assuming a control efficiency of 80%, the inlet grain loading for each wet machine is assumed to be $0.0018 \text{ gr/dscf} / (1.0 - 0.80) = 0.009 \text{ gr/dscf}$. Assuming a flow rate of 1,000 dscf/minute, the PM_{10} emissions before controls from each wet machine are:

$$PM_{10} = (0.009 \text{ gr/dscf}) \times (1000 \text{ dscf/min}) \times (60 \text{ min/hr}) \times (1.0 \text{ lb/7000 gr}) = 0.0771 \text{ lbs/hr/machine}$$

$$\begin{aligned} \text{Assuming 40 machines, } PM_{10} &= (0.0771 \text{ lb/hr/machine}) \times 40 \text{ machines} &= 3.08 \text{ lbs/hr} \\ & &= 13.51 \text{ tons/year} \end{aligned}$$

$$\begin{aligned} \text{Assuming 80\% control efficiency, } PM_{10} \text{ emissions after controls} &= 0.617 \text{ lbs/hr} \\ &= 2.70 \text{ tons/year} \end{aligned}$$

The worst case machining fluid used at the source has a maximum volatile content of 8.59% VOC. Accordingly, VOC emissions before controls are calculated as follows:

$$VOC = (0.0771 \text{ lbs/hr}) \times (0.0859 \text{ fraction VOC}) = 0.0066 \text{ lbs/hr/machine}$$

$$\begin{aligned} \text{Assuming 40 machines, VOC} &= (0.0066 \text{ lb/hr/machine}) \times 40 \text{ machines} &= 0.264 \text{ lbs/hr} \\ & &= 1.156 \text{ tons/year} \end{aligned}$$

$$\begin{aligned} \text{Assuming 80\% control efficiency, VOC emissions after controls} &= 0.053 \text{ lbs/hr} \\ &= 0.231 \text{ tons/year} \end{aligned}$$

Indiana Department of Environmental Management Office of Air Quality

Addendum to the Technical Support Document for a Minor Permit Modification to a Part 70 Operating Permit

Source Name:	DaimlerChrysler Corporation Kokomo Transmission Plant
Source Location:	2401 South Reed Road, Kokomo, Indiana 46904
County:	Howard
Operation Permit No.:	T 067-6504-00065
Minor Permit Modification No.:	067-19553-00065
SIC Code:	3714
Permit Reviewer:	Patrick T. Brennan/MES

On November 26, 2004, the Office of Air Quality (OAQ) had a notice published in the Howard Tribune, Kokomo, Indiana, stating that DaimlerChrysler Corporation - Kokomo Transmission Plant had applied for a Minor Permit Modification to a Part 70 Operating Permit to construct and operate forty (40) wet machines for the 62 TE Project with oil mist collectors as controls. The notice also stated that OAQ proposed to issue a Minor Permit Modification and provided information on how the public could review the proposed Minor Permit Modification and other documentation. Finally, the notice informed interested parties that there was a period of thirty (30) days to provide comments on whether or not this Minor Permit Modification to a Part 70 Operating Permit should be issued as proposed.

On December 22, 2004, David Hughes of DaimlerChrysler Corporation submitted comments on the proposed Minor Permit Modification to a Part 70 Operating Permit. The comments are as follows (The permit language, if changed, has deleted language as ~~strikeouts~~ and new language **bolded**.):

Comment 1:

In the 62 TE permit, now on public notice, on page 2, section (c), in three places it refers to the "41 TE" transmission. In each case it should be the "41 TE Short" transmission. There is an existing "41 TE" transmission which is different than the "41 TE Short." The discussion of PSD applicability, the subject of section (c) must include the short version, not the existing 41 TE.

Technically, the 62 TE is also a short case transmission, but there is not currently a longer case 62 TE. It would not be incorrect, if for the sake of consistency, to refer to the 62 TE as "62 TE Short."

Response 1:

The reference to the "41 TE" transmission occurs on page 2, section (c), of the Technical Support Document. The OAQ prefers that the Technical Support Document reflect the permit that was on public notice. Changes to the permit or technical support material that occur after the public notice are documented in this Addendum to the Technical Support Document. This accomplishes the desired result of ensuring that these types of concerns are documented and part of the record regarding this permit decision. There are no necessary changes to the permit document. Section (c) on page 2 of the Technical Support Document should read:

- (c) The forty (40) additional wet machines being permitted in this application will be used in the manufacture of the 62 TE **Short** transmissions and the 41 TE **Short** transmissions. This is considered the "62TE Project." The 62TE Project is for a new product and production process for transmissions to be introduced in the 2006 model year. Without the proposed project, the new vehicle platforms developed by DaimlerChrysler Corporation for future vehicles would not be feasible. Since this modification is not major pursuant to 326 IAC 2-2, PSD, the accumulation of contemporaneous increases is not

required. However, the applicant provided the following reasons for why this is considered a separate modification from SSM 067-16686-00065 and from MSM 067-17799-00065:

- (1) The submittal of this application was more than a year after the submittal of the application for the two (2) previous modifications.
- (2) The BIC project was designed to improve the quality of the components and final products facility-wide. The Machine Move Project was for a relocation of equipment due to the sale of an existing facility. Neither of the previous modifications was intended to support a future project or new transmission, such as the 62 TE or 41 TE **Short** transmissions.
- (3) Internal appropriation requests for the BIC project were made on May 24, 2002, the request for the Machine Move Project was made on May 28, 2003, and the request for the 62TE Project was made on September 12, 2003. The appropriation request for the 62TE Project was not artificially separated from the other two (2) requests. The projects had completely different purposes. The purpose of the proposed project is to improve vehicle performance and fuel efficiency consistent with the Corporate Average Fuel Economy (CAFE) standards. In addition, Daimler Chrysler Corporation was conservative in that they included both the 62 TE and 41 TE **Short** transmissions in this permit application, although the appropriation requests were separate (both are considered the "62TE Project" for the purpose of this review).
- (4) The three (3) modifications are not an attempt to increase the production capacity of the source through small increments. The proposed project will allow the production of new products, but will not increase the overall production capacity of the source.
- (5) None of the three (3) projects are dependent upon the other. If either of the previous projects did not take place, DaimlerChrysler Corporation would still pursue the proposed project.