



INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

*We make Indiana a cleaner, healthier place to live.*

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

David Elkins  
PSI Energy, Inc. - Cayuga Generating Station  
c/o Steven L. Pearl, 1000 East Main Street  
Plainfield, IN 46168-1782

May 23, 2006

Re: Interim Significant Source Modification Petition  
165-22733I-00001

Dear Mr. Elkins,

On April 18, 2006, the Office of Air Quality (OAQ) received an interim significant source modification petition from PSI Energy, Inc. - Cayuga Generating Station located at State Road 63, Cayuga IN 47928 for construction of a Flue Gas Desulfurization (FGD) system to reduce sulfur dioxide emissions from two existing coal-fired boilers. The FGD system will also include limestone receiving and handling, and gypsum handling and loadout.

Public notice of the interim significant source modification petition was published on April 18, 2006. The public comment period ended on May 2, 2006. The interim significant source modification petition expires on the effective date of the final significant source modification permit. The interim significant source modification petition may be revoked after this effective date upon a written finding by the Indiana Department of Environmental Management (IDEM) that any of the reasons for denial in 326 IAC 2-13-1(h) exist or if the final significant source modification permit is denied. The IDEM has reviewed this interim significant source modification petition and has not found any such reason. The facilities specified in the interim significant source modification petition may not operate until the final significant permit modification 165-23011-00001 is issued by OAQ.

The interim significant source modification petition is federally enforceable. Detailed construction and operation conditions will be specified in the final significant source modification permit 165-22733-00001.

If you have any questions regarding this interim significant source modification petition, please contact Allen R. Davidson of my staff at 317-233-5693, or at 1-800-451-6027 (ask for extension 3-5693).

Sincerely,

Original Signed By:  
Nisha Sizemore, Chief  
Permits Branch  
Office of Air Quality

ARD  
Enclosure: Interim Permit Evaluation (3 pages)

cc: File - Vermillion County  
Vermillion County Health Department  
Air Compliance Section Inspector - Dan Hancock  
Permit Tracking



**Indiana Department of Environmental Management  
Office of Air Quality**

**Interim Significant Source Modification Evaluation Sheet**

<b>Company Name:</b>	PSI Energy, Inc. - Cayuga Generating Station
<b>Location:</b>	State Road 63, Cayuga IN 47928
<b>Permit No:</b>	165-22733I-00001
<b>Permit Reviewer:</b>	Allen R. Davidson
<b>Date Application Received:</b>	April 18, 2006
<b>Date of Review:</b>	April 24, 2006
<b>Description of Interim Construction:</b>	to add a Flue Gas Desulfurization (FGD) system to two existing coal-fired boilers. The FGD system will include limestone receiving and handling, and gypsum handling and loadout.
<b>Public Notice Date + 17 Days:</b>	May 5, 2006
<b>Date Application Received + 19 Days:</b>	May 7, 2006

Interim Petition Applicability: 326 IAC 2-13-1

- (a) Existing Source with valid permit;
- (b) Exemptions:
- (1) construction of a PSD source or PSD modification;
  - (2) construction or modification in nonattainment area that would emit those pollutants for which the nonattainment designation is based.
  - (3) any modification subject to 326 IAC 2-4.1.
- (c) Public notice comment period is 14 calendar days.

Instructions: Check (  ) appropriate answers and make a recommendation.

1. Did the applicant submit a written petition for an interim permit?  
 Yes Go to Question 2.  
 No Ignore verbal request.
2. Did the applicant pay the \$500 interim permit fee?  
 Yes Go to Question 3.  
 No Deny the application, pursuant to 326 IAC 2-13-1(c)(1).
3. Did the applicant state acceptance of federal enforceability of an interim permit?  
 Yes Go to Question 4.  
 No Deny the application, pursuant to 326 IAC 2-13-1(c)(2)(D).
4. Did the applicant or its authorized agent sign the application?  
 Yes Go to Question 5.  
 No Deny the application, pursuant to 326 IAC 2-13-1(c)(2)(E).
5. Did the applicant submit a notarized affidavit stating that the applicant will proceed at its own risk (if the interim permit is issued), including, but not limited to:  
  - (a) Financial risk,
  - (b) Risk that additional emission controls may be required,
  - (c) Risk that the final permit may be denied. Yes Go to Question 6.  
 No Deny the application, pursuant to 326 IAC 2-13-1(c)(2)(F).

6. Did the applicant begin construction prior to submitting the interim permit application?  
 Yes Deny the application, pursuant to 326 IAC 2-13-1(h)(6).  
 No Go to Question 7.
7. What is the type of the interim construction?  
 New Source Deny the application pursuant to 326 IAC 2-13-1(a)  
 Modification to existing source Go to Question 8.
8. Did the applicant present data in the interim permit that is sufficient to determine PSD, NSPS, NESHAP, and state rule compliance?  
 Yes Go to Question 9.  
 No Deny the application pursuant to:  
326 IAC 2-13-1(c)(2)(B), for PSD ;  
326 IAC 2-13-1(c)(2)(C), for NSPS or NESHAP;  
326 IAC 2-13-1(c)(2)(C), for state rules.
9. Is the proposed modification to be located in a nonattainment area?  
 Yes Go to Question 10.  
 No Go to Question 11. County: Vermillion County
10. Will the proposed modification emit the pollutant for which the area is nonattainment in quantities greater than the significant levels?  
 Yes Deny the application, pursuant to 326 IAC 2-13-1(a)(2).  
 No Go to Question 11.
11. Did the petition include a complete description of the process?  
 Yes Go to Question 12.  
 No Deny the petition, pursuant to 326 IAC 2-13-1(c)(2).
12. Did the interim permit petition contain conditions accepting either emission controls (baghouse, afterburners, scrubbers, etc.) or enforceable limits or other suitable restriction to avoid PSD applicability; as well as control parameters (incinerator operating temperature, baghouse pressure drop, etc.)? The specific limits must be explicitly spelled out (i.e.: The gas consumption of the boiler shall not exceed 29 million cubic feet per month.) A statement such as that the company agrees to conditions such that PSD rules are not applicable is not acceptable.  
 Yes Go to Question 13.  
 No Deny the application, pursuant to 326 IAC 2-13-1(c)(2)(B).
13. Do the emission controls and/or throughput limits prevent PSD applicability?  
 Yes Go to Question 14.  
 No Deny the application, pursuant to 326 IAC 2-13-1(c)(2)(B).
14. Will the modification, after application of all emission controls and/or throughput limitations comply with all applicable New Source Performance Standards (NSPS) (40 CFR 60)?  
 Yes Go to Question 15.  
 No Deny the application, pursuant to 326 IAC 2-13-1(c)(2)(C).
15. Will the modification, after application of all emission controls and/or throughput limitations comply with all applicable National Emission Standards for Hazardous Air Pollutants (NESHAP)?  
 Yes Go to Question 16.  
 No Deny the application, pursuant to 326 IAC 2-13-1(c)(2)(C).

16. Will the modification, after application of all emission controls and/or throughput limitations, comply with all applicable state rules?  
 Yes Go to Question 17.  
 No Deny the application, pursuant to 326 IAC 2-13-1(c)(2)(C).
17. Does the applicant dispute applicability of any applicable state or federal rule?  
 Yes Deny the application, pursuant to 326 IAC 2-13-1(c)(2)(C).  
 No Go to Question 18.
18. Is there good reason to believe that the applicant does not intend to construct in accordance with the interim permit petition?  
 Yes Deny the application, pursuant to 326 IAC 2-13-1(h)(1).  
 No Go to Question 19.
19. Is there good reason to believe that information in the petition has been falsified?  
 Yes Deny the application, pursuant to 326 IAC 2-13-1(h)(7).  
 No Approve the interim permit petition.
20. Has the petition been adequately public noticed? A proof of publication copy is necessary.  
 Yes Go to Question 21.  
 No Deny the application, pursuant to 326 IAC 2-13-1(e).

Newspaper:

Date of publication:

21. Were comments received within seventeen (17) days after the public notice of the interim permit? (14 calendar days for comment period + 3 working days for mailing)  
 Yes Evaluate the comments received, and make a recommendation.  
 No Issue the final interim permit approval.

Comments:

PSI Energy, Inc. intends to change their name to Duke Energy Indiana, Inc.

Recommendation:

Issue the final interim permit approval.

Date the applicant was informed of the decision:

Method of informing the applicant:

email (patrick.coughlin@cinergy.com)