



INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

We Protect Hoosiers and Our Environment.

Mitchell E. Daniels, Jr.
Governor

Thomas W. Easterly
Commissioner

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

Ann W. Mclver
Citizens Thermal Energy, C.C. Perry K. Steam Plant
366 Kentucky Ave.
Indianapolis, Indiana 46225

May 13, 2008

RE: Response to Review Request
No. 097-26181-00034
Collocated Source Determination

Dear Ms. Mclver:

On February 26, 2008, a review request for a collocated source determination was received by the Indiana Department of Environmental Management (IDEM), Office of Air Quality (OAQ) from Citizens Thermal Energy, C.C. Perry K. Steam Plant (Perry K). Perry K requested IDEM to make a determination on whether Perry K and Citizens Thermal Energy, West Street Chilled Water Facility (Chilled Water plant) are part of the same major source.

Citizen Thermal Energy's C.C. Perry K Steam Plant (Perry K) provides steam for heat and hot water to more than 200 commercial buildings and industries in downtown Indianapolis. Perry K's steam also helps power Citizens Thermal Energy's West Street Chilled Water Facilities (Chilled Water plant). The Chilled Water plant provides chilled water for air conditioning to more than 60 Indianapolis facilities. IDEM, OAQ has examined whether the Perry K plant and the Chilled Water plant are part of the same major source. The term "major source" is defined at 326 IAC 2-7-1(22). In order for these plants to be considered one major source, they must meet all three of the following criteria:

- (1) the plants must be under common ownership or common control;
- (2) the plants must have the same two-digit Standard Industrial Classification (SIC) Code or one must serve as a support facility for the other; and,
- (3) the plants must be located on contiguous or adjacent properties.

The two plants are owned by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis (Board), as successor trustee of a public charitable trust. Both plants do business as Citizens Thermal Energy. The two plants have separate operations managers. Both managers report to the Senior Vice President of Operations (SVPO). The SVPO has overall responsibility for the operation of the two plants as well as the gas utility, Citizens Gas, and other businesses. All the businesses owned by the Board share the same human resources, finance, accounting and legal services. Since common ownership exists, the first element of the definition of major source is met.

The two plants have the two-digit SIC code 49, for Major Group 49: Electric, Gas, And Sanitary Services. Perry K's steam helps power the Chilled Water plant. Perry K provides approximately 13% of its total steam output to the Chilled Water plant. The steam provides mechanical energy to operate a steam turbine for a chiller machine. The steam turbine operates a compressor on the refrigerant cycle inside the chiller machine that is used to produce chilled water. The Chilled Water plant also operates chiller machines that use an electric drive motor instead of a steam turbine to provide mechanical energy to the compressors. The Chilled Water plant does not provide any chilled water to Perry K. The Perry K plant does not provide 50% or more of its total

Ann W. McIver
Citizens Thermal Energy, C.C. Perry K. Steam Plant
097-26181-00034
Page 2

output to the Chilled Water plant. Neither plant qualifies as a support facility. Since the plants have the same two-digit SIC Code, they meet the second criteria of the definition.

There is no dedicated pipeline between the two plants. The Chilled Water plant is connected to a steam distribution system that supplies all of Perry K's customers. Perry K is located directly across West Street from the Chilled Water plant, on contiguous properties. Therefore, the third element of the definition is met. Since Perry K and the Chilled Water plant meet all three of the elements of the definition, IDEM, OAQ finds that the two plants are part of the same major source.

Pursuant to the provisions of 326 IAC 2-7-11(a)(7), no revisions to the permit was necessary to accommodate this source determination. All conditions of the permit shall remain unchanged and in effect. Please attach a copy of this letter 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 Doug Wagner, 100 North Senate Avenue, MC61-53 IGCN 1003, Indianapolis, Indiana 46204-2251, at (317) 233-2629 or at (800) 451-6027 (ext 3-2629).

Original signed by,

Tripurari Sinha, Ph.D., Section Chief
Permits Branch
Office of Air Quality

CC: File - Marion County
U.S. EPA, Region V
Air Compliance Section
Compliance Data Section
Administrative and Development
Department of Public Works, Office of Environmental Services
2700 South Belmont Avenue, Indianapolis, Indiana 46221