



# 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](http://www.idem.IN.gov)

TO: Interested Parties / Applicant

DATE: February 13, 2012

RE: Duke Energy Indiana, Inc – Gallagher Generating Station / 043-31451-00004

FROM: Matthew Stuckey, Branch Chief  
Permits Branch  
Office of Air Quality

## Notice of Decision – Approval

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 326 IAC 2, this approval was effective immediately upon submittal of the application.

If you wish to challenge this decision, IC 4-21.5-3-7 requires 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 of Environmental Adjudication, 100 North Senate Avenue, Government Center North, Suite N 501E, Indianapolis, IN 46204, **within eighteen (18) calendar days from 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-AM.dot12/3/07



## INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

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Mr. Patrick Coughlin  
Duke Energy Indiana - Gallagher Generating Station  
1000 East Main Street  
Plainfield, IN 46168

February 13, 2012

Re: 043-31451-00004  
Administrative Amendment to  
Acid Rain Permit No.: T 043-29751-00004

Dear Mr. Coughlin:

Duke Energy Indiana - Gallagher Generating Station was issued an Acid Rain Permit Renewal on January 6, 2011 for an electric utility generating station. On February 1, 2012, the Office of Air Quality (OAQ) received an application from Duke Energy Indiana - Gallagher Generating Station to administratively amend their existing Title V Acid Rain operating permit AR043-29751-00004, issued on January 6, 2011.

The Office of Air Quality (OAQ) issued a significant permit modification application on December 13, 2010, to Duke Energy Indiana - Gallagher Generating Station relating to a federal court Consent Decree in *United States v. Cinergy Corp.*, Case No. 1:99-cv-01693-LJM-JMS, (Document No.1852) entered by the court on March 18, 2010 ("Consent Decree" or "Decree"). In accordance with paragraph 49 of the Decree, Duke Energy Indiana, Inc, must permanently retire units 1 and 3 at Gallagher Generating Station. The official retirement date for these units was February 1, 2012.

Pursuant to the provisions of 326 IAC 2-7-11(a)(1), an Administrative Amendment is hereby approved as described in the attached Administrative Amendment letter. Please find enclosed the entire amended permit document for final issuance.

### Proposed Changes

The changes listed below have been made to Part 70 Operating Permit No.AR 043-29751-00004. Deleted language appears as strikethroughs and new language appears in **bold**:

Change 1: IDEM, OAQ has deleted all references to units 1 and 3 from the Acid Rain permit. Units 1 and 3 was retired from the permit in accordance with paragraph 49 of the Decree, that Duke Energy Indiana, Inc, must permanently retire these units.

### Title IV Operating Conditions

Title IV Source Description:

- (a) ~~Reserved One (1) dry bottom, pulverized coal-fired boiler, identified as Boiler No. 1, construction commenced prior to August 17, 1971, with a nominal heat input capacity of 1390~~

~~million Btu per hour (MMBtu/hr). Particulate matter emissions are controlled by a baghouse. Emissions are exhausted through Stack A. Stack A has continuous emissions monitors (CEMs) for nitrogen oxides (NO<sub>x</sub>) and sulfur dioxide (SO<sub>2</sub>) and a continuous opacity monitor (COM). Low-NO<sub>x</sub> burners were installed on Boiler No. 1 in 1994. The ESP on Boiler No.1 was replaced with a new baghouse in December 2007.~~

- (b) One (1) dry bottom, pulverized coal-fired boiler, identified as Boiler No. 2, construction commenced prior to August 17, 1971, with a nominal heat input capacity of 1390 million Btu per hour (MMBtu/hr). Particulate matter emissions are controlled by a baghouse. On or after January 1, 2011, SO<sub>2</sub> emissions will be controlled by a dry sorbent injection system, approved in 2010 for construction, where sorbent is injected upstream of the baghouse. Emissions are exhausted through Stack A. Stack A has continuous emissions monitors (CEMs) for nitrogen oxides (NO<sub>x</sub>) and sulfur dioxide (SO<sub>2</sub>) and a continuous opacity monitor (COM). Low-NO<sub>x</sub> burners were installed on Boiler No. 2 in 1992. The ESP on Boiler No.2 was replaced with a new baghouse in December 2007.
- (c) ~~Reserved One (1) dry bottom, pulverized coal-fired boiler, identified as Boiler No. 3, construction commenced prior to August 17, 1971, with a nominal heat input capacity of 1390 million Btu per hour (MMBtu/hr). Particulate matter emissions are controlled by a baghouse. Emissions are exhausted through Stack B. Stack B has continuous emissions monitors (CEMs) for nitrogen oxides (NO<sub>x</sub>) and sulfur dioxide (SO<sub>2</sub>) and a continuous opacity monitor (COM). Low-NO<sub>x</sub> burners were installed on Boiler No. 3 in 1994. The ESP on Boiler No.3 was replaced with a new baghouse in May 2008.~~
- (d) One (1) dry bottom, pulverized coal-fired boiler, identified as Boiler No. 4, construction commenced prior to August 17, 1971, with a nominal heat input capacity of 1390 million Btu per hour (MMBtu/hr). Particulate matter emissions are controlled by a baghouse. On or after January 1, 2011, SO<sub>2</sub> emissions will be controlled by a dry sorbent injection system, approved in 2010 for construction, where sorbent is injected upstream of the baghouse. Emissions are exhausted through Stack B. Stack B has continuous emissions monitors (CEMs) for nitrogen oxides (NO<sub>x</sub>) and sulfur dioxide (SO<sub>2</sub>) and a continuous opacity monitor (COM). Low-NO<sub>x</sub> burners were installed on Boiler No. 4 in 1994. The ESP on Boiler No.4 was replaced with a new baghouse in April 2008.

All coal burned in Boilers No.2 and 4 4-4, including coal treated with any additive, shall meet the ASTM definition of coal. Any boiler or condenser tube chemical cleaning waste liquids fired in the boiler shall only contain the cleaning solution and two full volume boiler rinses.

(The information contained in this box is descriptive information and does not constitute enforceable conditions.)

## 1. Statutory and Regulatory Authorities

In accordance with IC 13-17-3-4 and IC 13-17-3-11, as well as Titles IV and V of the Clean Air Act, the Indiana Department of Environmental Management (IDEM), Office of Air Quality (OAQ) issues this permit pursuant to 326 IAC 2 and 326 IAC 21 (incorporates by reference 40 Code of Federal Regulations (CFR) 72 through 78).

2. Standard Permit Requirements [326 IAC 21]

- (a) The designated representative has submitted a complete acid rain permit application in accordance with 40 CFR 72.30.
- (b) The Permittee shall operate ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) in compliance with this permit.

3. Monitoring Requirements [326 IAC 21]

- (a) The Permittee and, to the extent applicable, the designated representative of ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) shall comply with the monitoring requirements as provided in 40 CFR 75 and 76.
- (b) The emissions measurements recorded and reported in accordance with 40 CFR 75 and 76 shall be used to determine compliance by ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) with the acid rain emissions limitations and emissions reduction requirements for sulfur dioxide and nitrogen oxides under the Acid Rain Program.
- (c) The requirements of 40 CFR 75 and 76 shall not affect the responsibility of the Permittee to monitor emissions of other pollutants or other emissions characteristics at ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) under other applicable requirements of the Clean Air Act and other provisions of the operating permit for the source.

4. Sulfur Dioxide Requirements [326 IAC 21]

- (a) The Permittee shall:
  - (1) Hold allowances, as of the allowance transfer deadline (as defined in 40 CFR 72.2), in the compliance subaccount of ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4), after deductions under 40 CFR 73.34(c), not less than the total annual emissions of sulfur dioxide for the previous calendar year from ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4); and,
  - (2) Comply with the applicable acid rain emissions limitations for sulfur dioxide.
- (b) Each ton of sulfur dioxide emitted in excess of the acid rain emissions limitations for sulfur dioxide shall constitute a separate violation of the Clean Air Act.
- (c) ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) shall be subject to the requirements under paragraph 4(a) of the sulfur dioxide requirements as follows:
  - (1) Starting January 1, 2000, an affected unit under 40 CFR 72.6(a)(2); or,
  - (2) Starting on the latter of January 1, 2000, or the deadline for monitor certification under 40 CFR 75, an affected unit under 40 CFR 72.6(a)(3).
- (d) Allowances shall be held in, deducted from, or transferred among Allowance Tracking System accounts in accordance with the Acid Rain Program.
- (e) An allowance shall not be deducted in order to comply with the requirements under paragraph 4(a) of the sulfur dioxide requirements prior to the calendar year for which the

- allowance was allocated.
- (f) An allowance allocated by the U.S. EPA under the Acid Rain Program is a limited authorization to emit sulfur dioxide in accordance with the Acid Rain Program. No provision of the Acid Rain Program, the acid rain permit application, the acid rain permit, the acid rain portion of an operating permit, or the written exemption under 40 CFR 72.7 and 72.8 and 326 IAC 21, and no provision of law shall be construed to limit the authority of the United States to terminate or limit such authorization.
  - (g) An allowance allocated by U.S. EPA under the Acid Rain Program does not constitute a property right.
  - (h) No permit revision may be required for increases in emissions that are authorized by allowances acquired pursuant to the Acid Rain Program, provided that the increases do not require a permit revision under any other applicable requirement.  
[326 IAC 2-7-5(4)(A)]
  - (i) No limit shall be placed on the number of allowances held by the Permittee. The Permittee may not, however, use allowances as a defense to noncompliance with any applicable requirement other than the requirements of the Acid Rain Program.  
[326 IAC 2-7-5(4)(B)]

5. Nitrogen Oxides Requirements [326 IAC 21]

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- (a) The Permittee shall comply with the applicable acid rain emissions limitation of nitrogen oxides (NO<sub>x</sub>) for ~~Unit 1 (Boiler No. 1),~~ Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4).
- (b) **Reserved NO<sub>x</sub> Emission Averaging Plan for Unit 1 (Boiler No. 1):**
  - ~~(1) Pursuant to 40 CFR 76.11, the Indiana Department of Environmental Management, Office of Air Quality approves a NO<sub>x</sub> emission averaging plan for Unit 1 (Boiler No. 1), effective from calendar year 2007 through 2011. Under the plan, the NO<sub>x</sub> emissions from Unit 1 (Boiler No. 1) shall not exceed the annual Alternative Contemporaneous Emission Limitation (ACEL) of 0.41. In addition, Unit 1 (Boiler No. 1) shall not have an annual heat input less than 5,389,866 MMBtu.~~
  - ~~(2) Under the plan, the actual Btu-weighted annual average NO<sub>x</sub> emission rate for all the units in the plan shall be less than or equal to the Btu-weighted annual average NO<sub>x</sub> emission rate for the same units had they each been operated, during the same period of time, in compliance with the applicable emission limitations under 40 CFR 76.5. If the designated representative demonstrates that the requirement of the prior sentence (as set forth in 40 CFR 76.11) is met for a year under the plan, then Unit 1 (Boiler No. 1) shall be deemed to be in compliance for that year with its annual ACEL and annual heat input limit.~~
- (c) NO<sub>x</sub> Emission Averaging Plan for Unit 2 (Boiler No. 2):
  - (1) Pursuant to 40 CFR 76.11, the Indiana Department of Environmental Management, Office of Air Quality approves a NO<sub>x</sub> emission averaging plan for Unit 2 (Boiler No. 2), effective from calendar year 2007 through 2011. Under the plan, the NO<sub>x</sub> emissions from Unit 2 (Boiler No. 2) shall not exceed the annual Alternative Contemporaneous Emission Limitation (ACEL) of 0.41. In

addition, Unit 2 (Boiler No. 2) shall not have an annual heat input less than 5,119,935 MMBtu.

- (2) Under the plan, the actual Btu-weighted annual average NO<sub>x</sub> emission rate for all the units in the plan shall be less than or equal to the Btu-weighted annual average NO<sub>x</sub> emission rate for the same units had they each been operated, during the same period of time, in compliance with the applicable emission limitations under 40 CFR 76.5. If the designated representative demonstrates that the requirement of the prior sentence (as set forth in 40 CFR 76.11) is met for a year under the plan, then Unit 2 (Boiler No. 2) shall be deemed to be in compliance for that year with its annual ACEL and annual heat input limit.

(d) ~~Reserved NO<sub>x</sub> Emission Averaging Plan for Unit 3 (Boiler No. 3):~~

~~(1) Pursuant to 40 CFR 76.11, the Indiana Department of Environmental Management, Office of Air Quality approves a NO<sub>x</sub> emission averaging plan for Unit 3 (Boiler No. 3), effective from calendar year 2007 through 2011. Under the plan, the NO<sub>x</sub> emissions from Unit 3 (Boiler No. 3) shall not exceed the annual Alternative Contemporaneous Emission Limitation (ACEL) of 0.36. In addition, Unit 3 (Boiler No. 3) shall not have an annual heat input less than 6,624,030 MMBtu.~~

~~(2) Under the plan, the actual Btu-weighted annual average NO<sub>x</sub> emission rate for all the units in the plan shall be less than or equal to the Btu-weighted annual average NO<sub>x</sub> emission rate for the same units had they each been operated, during the same period of time, in compliance with the applicable emission limitations under 40 CFR 76.5. If the designated representative demonstrates that the requirement of the prior sentence (as set forth in 40 CFR 76.11) is met for a year under the plan, then Unit 3 (Boiler No. 3) shall be deemed to be in compliance for that year with its annual ACEL and annual heat input limit.~~

(e) NO<sub>x</sub> Emission Averaging Plan for Unit 4 (Boiler No. 4):

(1) Pursuant to 40 CFR 76.11, the Indiana Department of Environmental Management, Office of Air Quality approves a NO<sub>x</sub> emission averaging plan for Unit 4 (Boiler No. 4), effective from calendar year 2007 through 2011. Under the plan, the NO<sub>x</sub> emissions from Unit 4 (Boiler No. 4) shall not exceed the annual Alternative Contemporaneous Emission Limitation (ACEL) of 0.36. In addition, Unit 4 (Boiler No. 4) shall not have an annual heat input less than 6,170,982 MMBtu.

(2) Under the plan, the actual Btu-weighted annual average NO<sub>x</sub> emission rate for all the units in the plan shall be less than or equal to the Btu-weighted annual average NO<sub>x</sub> emission rate for the same units had they each been operated, during the same period of time, in compliance with the applicable emission limitations under 40 CFR 76.5. If the designated representative demonstrates that the requirement of the prior sentence (as set forth in 40 CFR 76.11) is met for a year under the plan, then Unit 4 (Boiler No. 4) shall be deemed to be in compliance for that year with its annual ACEL and annual heat input limit.

(f) Permittee must annually demonstrate that Unit 1 (Boiler No. 1), Unit 2 (Boiler No. 2), Unit 3 (Boiler No. 3) and Unit 4 (Boiler No. 4) meets the lowest NO<sub>x</sub> emission limit of all the

units exhausting their emissions through the common stack, based upon the data from certified continuous emission monitoring systems (CEMS) at the common stack. CEMS certification must be performed in accordance with the requirements and specifications delineated at 40 CFR 75.17.

- (g) In accordance with 40 CFR 72.40(b)(2), approval of the averaging plan shall be final only when the Kentucky Department of Environmental Protection, Division of Air Quality; the North Carolina Department of Environmental and Natural Resources; and the South Carolina Department of Health and Environmental Control, Bureau of Air Quality have also approved this averaging plan.
- (h) In addition to the described NO<sub>x</sub> compliance plan, ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) shall comply with all other applicable requirements of 40 CFR 76, including the duty to reapply for a NO<sub>x</sub> compliance plan and requirements covering excess emissions.

6. Excess Emissions Requirements [40 CFR 77] [326 IAC 21]

- (a) If ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) have excess emissions of sulfur dioxide in any calendar year, the designated representative shall submit a proposed offset plan to U.S. EPA and IDEM, OAQ as required under 40 CFR 77 and 326 IAC 21.

- (b) The designated representative shall submit required information to:

Indiana Department of Environmental Management  
Compliance and Enforcement Branch, Office of Air Quality  
100 North Senate Avenue  
MC 61-53, IGCN 1003  
Indianapolis, Indiana 46204-2251

and

U.S. Environmental Protection Agency  
Clean Air Markets Division  
1200 Pennsylvania Avenue, NW  
Mail Code (6204N)  
Washington, DC 20460

- (c) If ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) have excess emissions, as defined in 40 CFR 72.2, in any calendar year, the Permittee shall:

- (1) Pay to U.S. EPA without demand the penalty required, and pay to U.S. EPA upon demand the interest on that penalty, as required by 40 CFR 77 and 326 IAC 21; and,
- (2) Comply with the terms of an approved sulfur dioxide offset plan, as required by 40 CFR 77 and 326 IAC 21.

7. Record Keeping and Reporting Requirements [326 IAC 21]

- (a) Unless otherwise provided, the Permittee shall keep on site each of the following documents for a period of 5 years, as required by 40 CFR 72.9(f), from the date the document is created. This period may be extended for cause, at any time prior to the end

of the 5 years, in writing by U.S. EPA or IDEM, OAQ:

- (1) The certificate of representation for the designated representative of ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) and all documents that demonstrate the truth of the statements in the certificate of representation, in accordance with 40 CFR 72.24; provided that the certificate and documents shall be retained on site at the source beyond such 5 year period until such documents are superseded because of the submission of a new certificate of representation changing the designated representative;
  - (2) All emissions monitoring information collected in accordance with 40 CFR 75 shall be retained on site for 3 years;
  - (3) Copies of all reports, compliance certifications, and other submissions and all records made or required under the Acid Rain Program; and,
  - (4) Copies of all documents used to complete an acid rain permit application and any other submission under the Acid Rain Program or to demonstrate compliance with the requirements of the Acid Rain Program.
- (b) The designated representative of ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) shall submit the reports and compliance certifications required under the Acid Rain Program, including those under 40 CFR 72.90 subpart I, 40 CFR 75, and 326 IAC 21. The required information is to be submitted to the appropriate authority(ies) as specified in 40 CFR 72.90 subpart I and 40 CFR 75.

8. Submissions [326 IAC 21]

- (a) The designated representative of ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) shall submit a certificate of representation, and any superseding certificate of representation, to U.S. EPA and IDEM, OAQ in accordance with 40 CFR 72 and 326 IAC 21.
- (b) The designated representative shall submit required information to:  

Indiana Department of Environmental Management  
Permit Administration and Support Section, Office of Air Quality  
100 North Senate Avenue  
MC 61-53, IGCN 1003  
Indianapolis, Indiana 46204-2251

and

U.S. Environmental Protection Agency  
Clean Air Markets Division  
1200 Pennsylvania Avenue, NW  
Mail Code (6204N)  
Washington, DC 20460
- (c) Each such submission under the Acid Rain Program shall be submitted, signed and certified by the designated representative for all sources on behalf of which the submission is made.
- (d) In each submission under the Acid Rain Program, the designated representative shall



certify, by his or her signature, the following statements which shall be included verbatim in the submission:

- (1) "I am authorized to make this submission on behalf of the owners and operators of the affected source or affected units for which the submission is made."; and,
  - (2) "I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment."
- (e) The designated representative of ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) shall notify the Permittee:
- (1) By the date of submission, of any Acid Rain Program submissions by the designated representative;
  - (2) Within 10 business days of receipt of any written determination by U.S. EPA or IDEM, OAQ; and,
  - (3) Provided that the submission or determination covers ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4).
- (f) The designated representative of ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) shall provide the Permittee a copy of any submission or determination under paragraph (e) of this section, unless the Permittee expressly waives the right to receive a copy.

9. Severability [326 IAC 21]

Invalidation of the acid rain portion of an operating permit does not affect the continuing validity of the rest of the operating permit, nor shall invalidation of any other portion of the operating permit affect the continuing validity of the acid rain portion of the permit. [40 CFR 72.72(b), 326 IAC 21, and 326 IAC 2-7-5(5)]

10. Liability [326 IAC 21]

- (a) Any person who knowingly violates any requirement or prohibition of the Acid Rain Program, an acid rain permit, an acid rain portion of an operation permit, or a written exemption under 40 CFR 72.7 or 72.8, including any requirement for the payment of any penalty owed to the United States, shall be subject to enforcement by U.S. EPA pursuant to Section 113(c) of the Clean Air Act and shall be subject to enforcement by IDEM pursuant to 326 IAC 21 and IC 13-30-3.
- (b) Any person who knowingly makes a false, material statement in any record, submission, or report under the Acid Rain Program shall be subject to criminal enforcement pursuant to Section 113(c) of the Clean Air Act, 18 U.S.C. 1001 and IDEM pursuant to 326 IAC 21 and IC 13-30-6-2.
- (c) No permit revision shall excuse any violation of the requirements of the Acid Rain Program that occurs prior to the date that the revision takes effect.

- (d) ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) shall meet the requirements of the Acid Rain Program.
- (e) Any provision of the Acid Rain Program that applies to ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4), including a provision applicable to the designated representative of ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) shall also apply to the Permittee.
- (f) Any provision of the Acid Rain Program that applies to ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4), including a provision applicable to the designated representative, shall also apply to the Permittee. Except as provided under 40 CFR 72.44 (Phase II repowering extension plans) and 40 CFR 76.11 (NO<sub>x</sub> averaging plans), and except with regard to the requirements applicable to units with a common stack under 40 CFR 75, including 40 CFR 75.16, 75.17, and 75.18, the Permittee and the designated representative of one affected unit shall not be liable for any violation by any other affected unit of which they are not owners or operators or the designated representative and that is located at a source of which they are not owners or operators or the designated representative.
- (g) Each violation of a provision of 40 CFR parts 72, 73, 75, 76, 77, and 78 by ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4), or by the Permittee or designated representative, shall be a separate violation of the Clean Air Act.

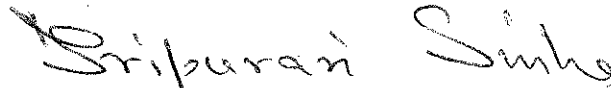
11. Effect on Other Authorities [326 IAC 21]

No provision of the Acid Rain Program, an acid rain permit application, an acid rain permit, an acid rain portion of an operation permit, or a written exemption under 40 CFR 72.7 or 72.8 shall be construed as:

- (a) Except as expressly provided in Title IV of the Clean Air Act (42 USC 7651 to 7651(o)), exempting or excluding the Permittee and, to the extent applicable, the designated representative of ~~Unit 1 (Boiler No. 1)~~, Unit 2 (Boiler No. 2), ~~Unit 3 (Boiler No. 3)~~ and Unit 4 (Boiler No. 4) from compliance with any other provision of the Clean Air Act, including the provisions of Title I of the Clean Air Act relating to applicable National Ambient Air Quality Standards or State Implementation Plans;
- (b) Limiting the number of allowances a unit can hold; provided, that the number of allowances held by the unit shall not affect the source's obligation to comply with any other provisions of the Clean Air Act;
- (c) Requiring a change of any kind in any state law regulating electric utility rates and charges, affecting any state law regarding such state regulation, or limiting such state regulation, including any prudence review requirements under such state law;
- (d) Modifying the Federal Power Act (16 USC 791(a) et seq.) or affecting the authority of the Federal Energy Regulatory Commission under the Federal Power Act; or,
- (e) Interfering with or impairing any program for competitive bidding for power supply in a state in which such a program is established.

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 Josiah Balogun at the Indiana Department Environmental Management, Office of Air Quality, 100 North Senate Avenue, MC 61-53 IGCN 1003, Indianapolis, Indiana 46204-2251 or by telephone at (317) 234-5257 or toll free at 1-800-451-6027 extension 4-5257.

Sincerely,



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

cc: File – Floyd County  
Floyd County Health Department  
U.S. EPA, Region V  
SWRO and SERO  
Compliance and Enforcement Branch



**INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT**

*We Protect Hoosiers and Our Environment.*

*Mitchell E. Daniels Jr.*  
Governor

*Thomas W. Easterly*  
Commissioner

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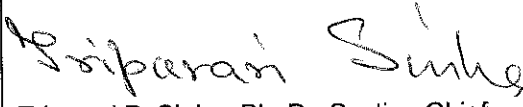
**TITLE IV (ACID RAIN) ADMINISTRATIVE PERMIT  
OFFICE OF AIR QUALITY**

**Duke Energy Indiana, Inc. – Gallagher Generating Station  
30 Jackson Street  
New Albany, Indiana 47150**

**ORIS: 1008**

The owners and operators (hereinafter collectively known as the Permittee) of the above source are issued this permit under the provisions of 326 Indiana Administrative Code (IAC) 21 [326 IAC 21] with conditions listed on the attached pages.

Operation Permit No.: AR 043-29751-00004	
Issued by:  Tripurari P. Sinha, Ph. D., Section Chief Permits Branch Office of Air Quality	Issuance Date: January 6, 2011  Expiration Date: January 6, 2016

Administrative Amendment No.: AR 043-31451-00004	
Issued by:   Tripurari P. Sinha, Ph. D., Section Chief Permits Branch Office of Air Quality	Issuance Date: February 13, 2012  Expiration Date: January 6, 2016

### Title IV Operating Conditions

#### Title IV Source Description:

(a) **Reserved**

(b) One (1) dry bottom, pulverized coal-fired boiler, identified as Boiler No. 2, construction commenced prior to August 17, 1971, with a nominal heat input capacity of 1390 million Btu per hour (MMBtu/hr). Particulate matter emissions are controlled by a baghouse. On or after January 1, 2011, SO<sub>2</sub> emissions will be controlled by a dry sorbent injection system, approved in 2010 for construction, where sorbent is injected upstream of the baghouse. Emissions are exhausted through Stack A. Stack A has continuous emissions monitors (CEMs) for nitrogen oxides (NO<sub>x</sub>) and sulfur dioxide (SO<sub>2</sub>) and a continuous opacity monitor (COM). Low-NO<sub>x</sub> burners were installed on Boiler No. 2 in 1992. The ESP on Boiler No.2 was replaced with a new baghouse in December 2007.

(c) **Reserved**

(d) One (1) dry bottom, pulverized coal-fired boiler, identified as Boiler No. 4, construction commenced prior to August 17, 1971, with a nominal heat input capacity of 1390 million Btu per hour (MMBtu/hr). Particulate matter emissions are controlled by a baghouse. On or after January 1, 2011, SO<sub>2</sub> emissions will be controlled by a dry sorbent injection system, approved in 2010 for construction, where sorbent is injected upstream of the baghouse. Emissions are exhausted through Stack B. Stack B has continuous emissions monitors (CEMs) for nitrogen oxides (NO<sub>x</sub>) and sulfur dioxide (SO<sub>2</sub>) and a continuous opacity monitor (COM). Low-NO<sub>x</sub> burners were installed on Boiler No. 4 in 1994. The ESP on Boiler No.4 was replaced with a new baghouse in April 2008.

All coal burned in Boilers No. 2 and 4, including coal treated with any additive, shall meet the ASTM definition of coal. Any boiler or condenser tube chemical cleaning waste liquids fired in the boiler shall only contain the cleaning solution and two full volume boiler rinses.

(The information contained in this box is descriptive information and does not constitute enforceable conditions.)

#### 1. Statutory and Regulatory Authorities

In accordance with IC 13-17-3-4 and IC 13-17-3-11, as well as Titles IV and V of the Clean Air Act, the Indiana Department of Environmental Management (IDEM), Office of Air Quality (OAQ) issues this permit pursuant to 326 IAC 2 and 326 IAC 21 (incorporates by reference 40 Code of Federal Regulations (CFR) 72 through 78).

2. Standard Permit Requirements [326 IAC 21]

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- (a) The designated representative has submitted a complete acid rain permit application in accordance with 40 CFR 72.30.
- (b) The Permittee shall operate Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) in compliance with this permit.

3. Monitoring Requirements [326 IAC 21]

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- (a) The Permittee and, to the extent applicable, the designated representative of Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) shall comply with the monitoring requirements as provided in 40 CFR 75 and 76.
- (b) The emissions measurements recorded and reported in accordance with 40 CFR 75 and 76 shall be used to determine compliance by Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) with the acid rain emissions limitations and emissions reduction requirements for sulfur dioxide and nitrogen oxides under the Acid Rain Program.
- (c) The requirements of 40 CFR 75 and 76 shall not affect the responsibility of the Permittee to monitor emissions of other pollutants or other emissions characteristics at Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) under other applicable requirements of the Clean Air Act and other provisions of the operating permit for the source.

4. Sulfur Dioxide Requirements [326 IAC 21]

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- (a) The Permittee shall:
  - (1) Hold allowances, as of the allowance transfer deadline (as defined in 40 CFR 72.2), in the compliance subaccount of Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4), after deductions under 40 CFR 73.34(c), not less than the total annual emissions of sulfur dioxide for the previous calendar year from Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4); and,
  - (2) Comply with the applicable acid rain emissions limitations for sulfur dioxide.
- (b) Each ton of sulfur dioxide emitted in excess of the acid rain emissions limitations for sulfur dioxide shall constitute a separate violation of the Clean Air Act.
- (c) Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) shall be subject to the requirements under paragraph 4(a) of the sulfur dioxide requirements as follows:
  - (1) Starting January 1, 2000, an affected unit under 40 CFR 72.6(a)(2); or,
  - (2) Starting on the latter of January 1, 2000, or the deadline for monitor certification under 40 CFR 75, an affected unit under 40 CFR 72.6(a)(3).
- (d) Allowances shall be held in, deducted from, or transferred among Allowance Tracking System accounts in accordance with the Acid Rain Program.
- (e) An allowance shall not be deducted in order to comply with the requirements under paragraph 4(a) of the sulfur dioxide requirements prior to the calendar year for which the allowance was allocated.

- (f) An allowance allocated by the U.S. EPA under the Acid Rain Program is a limited authorization to emit sulfur dioxide in accordance with the Acid Rain Program. No provision of the Acid Rain Program, the acid rain permit application, the acid rain permit, the acid rain portion of an operating permit, or the written exemption under 40 CFR 72.7 and 72.8 and 326 IAC 21, and no provision of law shall be construed to limit the authority of the United States to terminate or limit such authorization.
- (g) An allowance allocated by U.S. EPA under the Acid Rain Program does not constitute a property right.
- (h) No permit revision may be required for increases in emissions that are authorized by allowances acquired pursuant to the Acid Rain Program, provided that the increases do not require a permit revision under any other applicable requirement.  
[326 IAC 2-7-5(4)(A)]
- (i) No limit shall be placed on the number of allowances held by the Permittee. The Permittee may not, however, use allowances as a defense to noncompliance with any applicable requirement other than the requirements of the Acid Rain Program.  
[326 IAC 2-7-5(4)(B)]

5. Nitrogen Oxides Requirements [326 IAC 21]

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- (a) The Permittee shall comply with the applicable acid rain emissions limitation of nitrogen oxides (NO<sub>x</sub>) for Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4).
- (b) Reserved
- (c) NO<sub>x</sub> Emission Averaging Plan for Unit 2 (Boiler No. 2):
  - (1) Pursuant to 40 CFR 76.11, the Indiana Department of Environmental Management, Office of Air Quality approves a NO<sub>x</sub> emission averaging plan for Unit 2 (Boiler No. 2), effective from calendar year 2007 through 2011. Under the plan, the NO<sub>x</sub> emissions from Unit 2 (Boiler No. 2) shall not exceed the annual Alternative Contemporaneous Emission Limitation (ACEL) of 0.41. In addition, Unit 2 (Boiler No. 2) shall not have an annual heat input less than 5,119,935 MMBtu.
  - (2) Under the plan, the actual Btu-weighted annual average NO<sub>x</sub> emission rate for all the units in the plan shall be less than or equal to the Btu-weighted annual average NO<sub>x</sub> emission rate for the same units had they each been operated, during the same period of time, in compliance with the applicable emission limitations under 40 CFR 76.5. If the designated representative demonstrates that the requirement of the prior sentence (as set forth in 40 CFR 76.11) is met for a year under the plan, then Unit 2 (Boiler No. 2) shall be deemed to be in compliance for that year with its annual ACEL and annual heat input limit.
- (d) Reserved
- (e) NO<sub>x</sub> Emission Averaging Plan for Unit 4 (Boiler No. 4):
  - (1) Pursuant to 40 CFR 76.11, the Indiana Department of Environmental Management, Office of Air Quality approves a NO<sub>x</sub> emission averaging plan for Unit 4 (Boiler No. 4), effective from calendar year 2007 through 2011. Under the plan, the NO<sub>x</sub> emissions from Unit 4 (Boiler No. 4) shall not exceed the annual Alternative Contemporaneous Emission Limitation (ACEL) of 0.36. In

addition, Unit 4 (Boiler No. 4) shall not have an annual heat input less than 6,170,982 MMBtu.

- (2) Under the plan, the actual Btu-weighted annual average NO<sub>x</sub> emission rate for all the units in the plan shall be less than or equal to the Btu-weighted annual average NO<sub>x</sub> emission rate for the same units had they each been operated, during the same period of time, in compliance with the applicable emission limitations under 40 CFR 76.5. If the designated representative demonstrates that the requirement of the prior sentence (as set forth in 40 CFR 76.11) is met for a year under the plan, then Unit 4 (Boiler No. 4) shall be deemed to be in compliance for that year with its annual ACEL and annual heat input limit.
- (f) Permittee must annually demonstrate that Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) meets the lowest NO<sub>x</sub> emission limit of all the units exhausting their emissions through the common stack, based upon the data from certified continuous emission monitoring systems (CEMS) at the common stack. CEMS certification must be performed in accordance with the requirements and specifications delineated at 40 CFR 75.17.
- (g) In accordance with 40 CFR 72.40(b)(2), approval of the averaging plan shall be final only when the Kentucky Department of Environmental Protection, Division of Air Quality; the North Carolina Department of Environmental and Natural Resources; and the South Carolina Department of Health and Environmental Control, Bureau of Air Quality have also approved this averaging plan.
- (h) In addition to the described NO<sub>x</sub> compliance plan, Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) shall comply with all other applicable requirements of 40 CFR 76, including the duty to reapply for a NO<sub>x</sub> compliance plan and requirements covering excess emissions.

6. Excess Emissions Requirements [40 CFR 77] [326 IAC 21]

- (a) If Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) have excess emissions of sulfur dioxide in any calendar year, the designated representative shall submit a proposed offset plan to U.S. EPA and IDEM, OAQ as required under 40 CFR 77 and 326 IAC 21.
- (b) The designated representative shall submit required information to:
  - Indiana Department of Environmental Management  
Compliance and Enforcement Branch, Office of Air Quality  
100 North Senate Avenue  
MC 61-53, IGCN 1003  
Indianapolis, Indiana 46204-2251
  - and
  - U.S. Environmental Protection Agency  
Clean Air Markets Division  
1200 Pennsylvania Avenue, NW  
Mail Code (6204N)  
Washington, DC 20460
- (c) If Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) have excess emissions, as defined in 40 CFR 72.2, in any calendar year, the Permittee shall:
  - (1) Pay to U.S. EPA without demand the penalty required, and pay to U.S. EPA upon demand the interest on that penalty, as required by 40 CFR 77 and 326 IAC 21; and,



- (2) Comply with the terms of an approved sulfur dioxide offset plan, as required by 40 CFR 77 and 326 IAC 21.

7. Record Keeping and Reporting Requirements [326 IAC 21]

- (a) Unless otherwise provided, the Permittee shall keep on site each of the following documents for a period of 5 years, as required by 40 CFR 72.9(f), from the date the document is created. This period may be extended for cause, at any time prior to the end of the 5 years, in writing by U.S. EPA or IDEM, OAQ:
  - (1) The certificate of representation for the designated representative of Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) and all documents that demonstrate the truth of the statements in the certificate of representation, in accordance with 40 CFR 72.24; provided that the certificate and documents shall be retained on site at the source beyond such 5 year period until such documents are superseded because of the submission of a new certificate of representation changing the designated representative;
  - (2) All emissions monitoring information collected in accordance with 40 CFR 75 shall be retained on site for 3 years;
  - (3) Copies of all reports, compliance certifications, and other submissions and all records made or required under the Acid Rain Program; and,
  - (4) Copies of all documents used to complete an acid rain permit application and any other submission under the Acid Rain Program or to demonstrate compliance with the requirements of the Acid Rain Program.
- (b) The designated representative of Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) shall submit the reports and compliance certifications required under the Acid Rain Program, including those under 40 CFR 72.90 subpart I, 40 CFR 75, and 326 IAC 21. The required information is to be submitted to the appropriate authority(ies) as specified in 40 CFR 72.90 subpart I and 40 CFR 75.

8. Submissions [326 IAC 21]

- (a) The designated representative of Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) shall submit a certificate of representation, and any superseding certificate of representation, to U.S. EPA and IDEM, OAQ in accordance with 40 CFR 72 and 326 IAC 21.
- (b) The designated representative shall submit required information to:

Indiana Department of Environmental Management  
Permit Administration and Support Section, Office of Air Quality  
100 North Senate Avenue  
MC 61-53, IGCN 1003  
Indianapolis, Indiana 46204-2251

and

U.S. Environmental Protection Agency  
Clean Air Markets Division  
1200 Pennsylvania Avenue, NW  
Mail Code (6204N)  
Washington, DC 20460

- (c) Each such submission under the Acid Rain Program shall be submitted, signed and certified by the designated representative for all sources on behalf of which the submission is made.
- (d) In each submission under the Acid Rain Program, the designated representative shall certify, by his or her signature, the following statements which shall be included verbatim in the submission:
  - (1) "I am authorized to make this submission on behalf of the owners and operators of the affected source or affected units for which the submission is made."; and,
  - (2) "I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment."
- (e) The designated representative of Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) shall notify the Permittee:
  - (1) By the date of submission, of any Acid Rain Program submissions by the designated representative;
  - (2) Within 10 business days of receipt of any written determination by U.S. EPA or IDEM, OAQ; and,
  - (3) Provided that the submission or determination covers Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4).
- (f) The designated representative of Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) shall provide the Permittee a copy of any submission or determination under paragraph (e) of this section, unless the Permittee expressly waives the right to receive a copy.

9. Severability [326 IAC 21]

Invalidation of the acid rain portion of an operating permit does not affect the continuing validity of the rest of the operating permit, nor shall invalidation of any other portion of the operating permit affect the continuing validity of the acid rain portion of the permit. [40 CFR 72.72(b), 326 IAC 21, and 326 IAC 2-7-5(5)].

10. Liability [326 IAC 21]

- (a) Any person who knowingly violates any requirement or prohibition of the Acid Rain Program, an acid rain permit, an acid rain portion of an operation permit, or a written exemption under 40 CFR 72.7 or 72.8, including any requirement for the payment of any penalty owed to the United States, shall be subject to enforcement by U.S. EPA pursuant to Section 113(c) of the Clean Air Act and shall be subject to enforcement by IDEM pursuant to 326 IAC 21 and IC 13-30-3.
- (b) Any person who knowingly makes a false, material statement in any record, submission, or report under the Acid Rain Program shall be subject to criminal enforcement pursuant to Section 113(c) of the Clean Air Act, 18 U.S.C. 1001 and IDEM pursuant to 326 IAC 21 and IC 13-30-6-2.

- (c) No permit revision shall excuse any violation of the requirements of the Acid Rain Program that occurs prior to the date that the revision takes effect.
- (d) Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) shall meet the requirements of the Acid Rain Program.
- (e) Any provision of the Acid Rain Program that applies to Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4), including a provision applicable to the designated representative of Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) shall also apply to the Permittee.
- (f) Any provision of the Acid Rain Program that applies to Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4), including a provision applicable to the designated representative, shall also apply to the Permittee. Except as provided under 40 CFR 72.44 (Phase II repowering extension plans) and 40 CFR 76.11 (NO<sub>x</sub> averaging plans), and except with regard to the requirements applicable to units with a common stack under 40 CFR 75, including 40 CFR 75.16, 75.17, and 75.18, the Permittee and the designated representative of one affected unit shall not be liable for any violation by any other affected unit of which they are not owners or operators or the designated representative and that is located at a source of which they are not owners or operators or the designated representative.
- (g) Each violation of a provision of 40 CFR parts 72, 73, 75, 76, 77, and 78 by Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4), or by the Permittee or designated representative, shall be a separate violation of the Clean Air Act.

11. Effect on Other Authorities [326 IAC 21]

No provision of the Acid Rain Program, an acid rain permit application, an acid rain permit, an acid rain portion of an operation permit, or a written exemption under 40 CFR 72.7 or 72.8 shall be construed as:

- (a) Except as expressly provided in Title IV of the Clean Air Act (42 USC 7651 to 7651(o)), exempting or excluding the Permittee and, to the extent applicable, the designated representative of Unit 2 (Boiler No. 2) and Unit 4 (Boiler No. 4) from compliance with any other provision of the Clean Air Act, including the provisions of Title I of the Clean Air Act relating to applicable National Ambient Air Quality Standards or State Implementation Plans;
- (b) Limiting the number of allowances a unit can hold; provided, that the number of allowances held by the unit shall not affect the source's obligation to comply with any other provisions of the Clean Air Act;
- (c) Requiring a change of any kind in any state law regulating electric utility rates and charges, affecting any state law regarding such state regulation, or limiting such state regulation, including any prudence review requirements under such state law;
- (d) Modifying the Federal Power Act (16 USC 791(a) et seq.) or affecting the authority of the Federal Energy Regulatory Commission under the Federal Power Act; or,
- (e) Interfering with or impairing any program for competitive bidding for power supply in a state in which such a program is established.



# Retired Unit Exemption

For more information, see instructions and refer to 40 CFR 72.8, 96.105, 96.205, 96.305, 97.405, 97.505, 97.605, and 97.705, or a comparable state regulation, as applicable.

This submission is:  New  Revised

**STEP 1**

Identify the unit by facility (source) name, State, ORIS/plant code and unit ID#.

Facility (Source) Name	State	ORIS/Plant Code	Unit ID#
Gallagher Generating Station	IN	1008	1 3

**STEP 2**

Indicate the program(s) that the unit is subject to

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Acid Rain                         | <input checked="" type="checkbox"/> Transport Rule NO <sub>x</sub> Annual       |
| <input checked="" type="checkbox"/> CAIR NO <sub>x</sub> Annual       | <input checked="" type="checkbox"/> Transport Rule NO <sub>x</sub> Ozone Season |
| <input checked="" type="checkbox"/> CAIR SO <sub>2</sub>              | <input checked="" type="checkbox"/> Transport Rule SO <sub>2</sub> Annual       |
| <input checked="" type="checkbox"/> CAIR NO <sub>x</sub> Ozone Season |   |

**STEP 3**

Identify the date on which the unit was (or will be) permanently retired.

Units 1 and 3 will be permanently retired on February 1, 2012

**STEP 4**

If the unit is subject to the Acid Rain Program, identify the first full calendar year in which the unit meets (or will meet) the requirements of 40 CFR 72.8(d).

January 1, 2013

**Acid Rain Program Special Provisions**

**STEP 5**

Read the appropriate special provisions.

- (1) A unit exempt under 40 CFR 72.8 shall not emit any sulfur dioxide and nitrogen oxides starting on the date that the exemption takes effect. The owners and operators of the unit will be allocated allowances in accordance with 40 CFR part 73 subpart B.
- (2) A unit exempt under 40 CFR 72.8 shall not resume operation unless the designated representative of the source that includes the unit submits a complete Acid Rain permit application under 40 CFR 72.31 for the unit not less than 24 months prior to the date on which the unit is first to resume operation.
- (3) The owners and operators and, to the extent applicable, the designated representative of a unit exempt under 40 CFR 72.8 shall comply with the requirements of the Acid Rain Program concerning all periods for which the exemption is not in effect, even if such requirements arise, or must be complied with, after the exemption takes effect.
- (4) For any period for which a unit is exempt under 40 CFR 72.8, the unit is not an affected unit under the Acid Rain Program and 40 CFR part 70 and 71 and is not eligible to be an opt-in source under 40 CFR part 74. As an unaffected unit, the unit shall continue to be subject to any other applicable requirements under 40 CFR parts 70 and 71.
- (5) For a period of 5 years from the date the records are created, the owners and operators of a unit exempt under 40 CFR 72.8 shall retain, at the source that includes the unit, records demonstrating that the unit is permanently retired. The 5-year period for keeping records may be extended for cause, at any time prior to the end of the period, in writing by the Administrator or the permitting authority. The owners and operators bear the burden of proof that the unit is permanently retired.
- (6) On the earlier of the following dates, a unit exempt under 40 CFR 72.8(b) or (c) shall lose its exemption and become an affected unit under the Acid Rain Program and 40 CFR part 70 and 71: (i) the date on which the designated representative submits an Acid Rain permit application under paragraph (2); or (ii) the date on which the designated representative is required under paragraph (2) to submit an Acid Rain permit application. For the purpose of applying monitoring requirements under 40 CFR part 75, a unit that loses its exemption under 40 CFR 72.8 shall be treated as a new unit that commenced commercial operation on the first date on which the unit resumes operation.

**CAIR NO<sub>x</sub> Annual Trading Program Special Provisions**

- (1) A unit exempt under 40 CFR 96.105(a) shall not emit any nitrogen oxides, starting on the date that the exemption takes effect.
- (2) The permitting authority will allocate CAIR NO<sub>x</sub> allowances under 40 CFR 96 subpart EE to a unit exempt under 40 CFR 96.105(a).
- (3) For a period of 5 years from the date the records are created, the owners and operators of a unit exempt under 40 CFR 96.105(a) shall retain, at the source that includes the unit, records demonstrating that the unit is permanently retired. The 5-year period for keeping records may be extended for cause, at any time before the end of the period, in writing by the permitting authority or the Administrator. The owners and operators bear the burden of proof that the unit is permanently retired.
- (4) The owners and operators and, to the extent applicable, the CAIR designated representative of a unit exempt under 40 CFR 96.105(a) shall comply with the requirements of the CAIR NO<sub>x</sub> Annual Trading Program concerning all periods for which the exemption is not in effect, even if such requirements arise, or must be complied with, after the exemption takes effect.
- (5) A unit exempt under 40 CFR 96.105(a) and located at a source that is required, or but for this exemption would be required, to have a title V operating permit shall not resume operation unless the CAIR designated representative of the source submits a complete CAIR permit application under 40 CFR 96.122 for the unit not less than 18 months (or such lesser time provided by the permitting authority) before the later of January 1, 2009 or the date on which the unit resumes operation.
- (6) On the earlier of the following dates, a unit exempt under 40 CFR 96.105(a) shall lose its exemption:
  - (i) The date on which the CAIR designated representative submits a CAIR permit application for the unit under 40 CFR 96.105(b)(5);
  - (ii) The date on which the CAIR designated representative is required under 40 CFR 96.105(b)(5) to submit a CAIR permit application for the unit; or
  - (iii) The date on which the unit resumes operation, if the CAIR designated representative is not required to submit a CAIR permit application for the unit.
- (7) For the purpose of applying monitoring, reporting, and recordkeeping requirements under 40 CFR 96 subpart HH, a unit that loses its exemption under 40 CFR 96.105(a) shall be treated as a unit that commences commercial operation on the first date on which the unit resumes operation.

**CAIR SO<sub>2</sub> Trading Program Special Provisions**

- (1) A unit exempt under 40 CFR 96.205(a) shall not emit any sulfur dioxide, starting on the date that the exemption takes effect.
- (2) For a period of 5 years from the date the records are created, the owners and operators of a unit exempt under 40 CFR 96.205(a) shall retain, at the source that includes the unit, records demonstrating that the unit is permanently retired. The 5-year period for keeping records may be extended for cause, at any time before the end of the period, in writing by the permitting authority or the Administrator. The owners and operators bear the burden of proof that the unit is permanently retired.
- (3) The owners and operators and, to the extent applicable, the CAIR designated representative of a unit exempt under 40 CFR 96.205(a) shall comply with the requirements of the CAIR SO<sub>2</sub> Trading Program concerning all periods for which the exemption is not in effect, even if such requirements arise, or must be complied with, after the exemption takes effect.
- (4) A unit exempt under 40 CFR 96.205(a) and located at a source that is required, or but for this exemption would be required, to have a title V operating permit shall not resume operation unless the CAIR designated representative of the source submits a complete CAIR permit application under 40 CFR 96.222 for the unit not less than 18 months (or such lesser time provided by the permitting authority) before the later of January 1, 2010 or the date on which the unit resumes operation.
- (5) On the earlier of the following dates, a unit exempt under 40 CFR 96.205(a) shall lose its exemption:
  - (i) The date on which the CAIR designated representative submits a CAIR permit application for the unit under 40 CFR 96.205(b)(4);
  - (ii) The date on which the CAIR designated representative is required under 40 CFR 96.205(b)(4) to submit a CAIR permit application for the unit; or
  - (iii) The date on which the unit resumes operation, if the CAIR designated representative is not required to submit a CAIR permit application for the unit.
- (6) For the purpose of applying monitoring, reporting, and recordkeeping requirements under 40 CFR 96 subpart HHH, a unit that loses its exemption under 40 CFR 96.205(a) shall be treated as a unit that commences commercial operation on the first date on which the unit resumes operation.

**CAIR NO<sub>x</sub> Ozone Season Trading Program Special Provisions**

- (1) A unit exempt under 40 CFR 96.305(a) shall not emit any nitrogen oxides, starting on the date that the exemption takes effect.
- (2) The permitting authority will allocate CAIR NO<sub>x</sub> Ozone Season allowances under 40 CFR 96 subpart EEEE to a unit exempt under 40 CFR 96.305(a). **Transport Rule NO<sub>x</sub> Annual Trading Program Special Provisions**
- (1) A unit exempt under 40 CFR 97.405 shall not emit any NO<sub>x</sub>, starting on the date that the exemption takes effect.
- (2) For a period of 5 years from the date the records are created, the owners and operators of a unit exempt under 40 CFR 97.405 shall retain, at the source that includes the unit, records demonstrating that the unit is permanently retired. The 5-year period for keeping records may be extended for cause, at any time before the end of the period, in writing by the Administrator. The owners and operators bear the burden of proof that the unit is permanently retired.
- (3) The owners and operators and, to the extent applicable, the designated representative of a unit exempt 40 CFR 97.405 shall comply with the requirements of the TR NO<sub>x</sub> Annual Trading Program concerning all periods for which the exemption is not in effect, even if such requirements arise, or must be complied with, after the exemption takes effect.
- (4) A unit exempt under 40 CFR 97.405 shall lose its exemption on the first date on which the unit resumes operation. Such unit shall be treated, for purposes of applying allocation, monitoring, reporting, and recordkeeping requirements under this subpart, as a unit that commences commercial operation on the first date on which the unit resumes operation.

**Transport Rule NO<sub>x</sub> Annual Trading Program Special Provisions**

- (1) A unit exempt under 40 CFR 97.405 shall not emit any NO<sub>x</sub>, starting on the date that the exemption takes effect.
- (2) For a period of 5 years from the date the records are created, the owners and operators of a unit exempt under 40 CFR 97.405 shall retain, at the source that includes the unit, records demonstrating that the unit is permanently retired. The 5-year period for keeping records may be extended for cause, at any time before the end of the period, in writing by the Administrator. The owners and operators bear the burden of proof that the unit is permanently retired.
- (3) The owners and operators and, to the extent applicable, the designated representative of a unit exempt 40 CFR 97.405 shall comply with the requirements of the TR NO<sub>x</sub> Annual Trading Program concerning all periods for which the exemption is not in effect, even if such requirements arise, or must be complied with, after the exemption takes effect.
- (4) A unit exempt under 40 CFR 97.405 shall lose its exemption on the first date on which the unit resumes operation. Such unit shall be treated, for purposes of applying allocation, monitoring, reporting, and recordkeeping requirements under this subpart, as a unit that commences commercial operation on the first date on which the unit resumes operation.

**Transport Rule NO<sub>x</sub> Ozone Season Trading Program Special Provisions**

- (1) A unit exempt under 40 CFR 97.505 shall not emit any NO<sub>x</sub>, starting on the date that the exemption takes effect.
- (2) For a period of 5 years from the date the records are created, the owners and operators of a unit exempt under 40 CFR 97.505 shall retain, at the source that includes the unit, records demonstrating that the unit is permanently retired. The 5-year period for keeping records may be extended for cause, at any time before the end of the period, in writing by the Administrator. The owners and operators bear the burden of proof that the unit is permanently retired.
- (3) The owners and operators and, to the extent applicable, the designated representative of a unit exempt under 40 CFR 97.505 shall comply with the requirements of the TR NO<sub>x</sub> Ozone Season Trading Program concerning all periods for which the exemption is not in effect, even if such requirements arise, or must be complied with, after the exemption takes effect.
- (4) A unit exempt under 40 CFR 97.505 shall lose its exemption on the first date on which the unit resumes operation. Such unit shall be treated, for purposes of applying allocation, monitoring, reporting, and recordkeeping requirements under this subpart, as a unit that commences commercial operation on the first date on which the unit resumes operation.

**Transport Rule SO<sub>2</sub> Group 1 Trading Program Special Provisions**

- (1) A unit exempt under 40 CFR 97.605 shall not emit any SO<sub>2</sub>, starting on the date that the exemption takes effect.
- (2) For a period of 5 years from the date the records are created, the owners and operators of a unit exempt under 40 CFR 97.605 shall retain, at the source that includes the unit, records demonstrating that the unit is permanently retired. The 5-year period for keeping records may be extended for cause, at any time before the end of the period, in writing by the Administrator. The owners and operators bear the burden of proof that the unit is permanently retired.
- (3) The owners and operators and, to the extent applicable, the designated representative of a unit exempt under 40 CFR 97.605 shall comply with the requirements of the TR SO<sub>2</sub> Group 1 Trading Program concerning all periods for which the exemption is not in effect, even if such requirements arise, or must be complied with, after the exemption takes effect.
- (4) A unit exempt under 40 CFR 97.605 shall lose its exemption on the first date on which the unit resumes operation. Such unit shall be treated, for purposes of applying allocation, monitoring, reporting, and recordkeeping requirements under this subpart, as a unit that commences commercial operation on the first date on which the unit resumes operation.

**Transport Rule SO<sub>2</sub> Group 2 Trading Program Special Provisions**

- (1) A unit exempt under 40 CFR 97.705 shall not emit any SO<sub>2</sub>, starting on the date that the exemption takes effect.
- (2) For a period of 5 years from the date the records are created, the owners and operators of a unit exempt under 40 CFR 97.705 shall retain, at the source that includes the unit, records demonstrating that the unit is permanently retired. The 5-year period for keeping records may be extended for cause, at any time before the end of the period, in writing by the Administrator. The owners and operators bear the burden of proof that the unit is permanently retired.
- (3) The owners and operators and, to the extent applicable, the designated representative of a unit exempt under 40 CFR 97.705 shall comply with the requirements of the TR SO<sub>2</sub> Group 2 Trading Program concerning all periods for which the exemption is not in effect, even if such requirements arise, or must be complied with, after the exemption takes effect.
- (4) A unit exempt under 40 CFR 97.705 shall lose its exemption on the first date on which the unit resumes operation. Such unit shall be treated, for purposes of applying allocation, monitoring, reporting, and recordkeeping requirements under this subpart, as a unit that commences commercial operation on the first date on which the unit resumes operation.

**STEP 6**


Read the statement of compliance and the appropriate certification statements and sign and date.

**Statement of Compliance**

I certify that the unit identified above at STEP 1 was (or will be) permanently retired on the date identified at STEP 3 and will comply with the appropriate Special Provisions listed at STEP 5.

**Certification (for Acid Rain, CAIR, or Transport Rule designated representatives or alternate Acid Rain, CAIR, or Transport Rule designated representatives only)**

I am authorized to make this submission on behalf of the owners and operators of the source and unit for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.

Name Barry E. Pulskamp		Title Senior Vice President, Regulated Fleet Operations	
Owner Company Name Duke Energy Indiana, Inc.			
Phone 513-287-3485		Email Barry.Pulskamp@duke-energy.com	
Signature 			Date 6/20/2012

**Certification (for certifying officials of units subject to the Acid Rain Program only)**

I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.

Name		Title	
Owner Company Name			
Phone		Email	
Signature			Date





# 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](http://www.idem.IN.gov)

## **SENT VIA U.S. MAIL: CONFIRMED DELIVERY AND SIGNATURE REQUESTED**

**TO:** Patrick Coughlin  
Duke Energy Indiana, Inc – Gallagher Generating Station  
1000 E Main St  
Plainfield, IN 46168

**DATE:** February 13, 2012

**FROM:** Matt Stuckey, Branch Chief  
Permits Branch  
Office of Air Quality

**SUBJECT:** Final Decision  
Administrative Amendment  
043-31451-00004

Enclosed is the final decision and supporting materials for the air permit application referenced above. Please note that this packet contains the original, signed, permit documents.

The final decision is being sent to you because our records indicate that you are the contact person for this application. However, if you are not the appropriate person within your company to receive this document, please forward it to the correct person.

A copy of the final decision and supporting materials has also been sent via standard mail to:  
Bryan Walsh ( Plant Manager)  
OAQ Permits Branch Interested Parties List

If you have technical questions regarding the enclosed documents, please contact the Office of Air Quality, Permits Branch at (317) 233-0178, or toll-free at 1-800-451-6027 (ext. 3-0178), and ask to speak to the permit reviewer who prepared the permit. If you think you have received this document in error, please contact Joanne Smiddie-Brush of my staff at 1-800-451-6027 (ext 3-0185), or via e-mail at [jbrush@idem.IN.gov](mailto:jbrush@idem.IN.gov).

Final Applicant Cover letter.dot 11/30/07

# Mail Code 61-53

IDEM Staff	MIDENNEY 2/13/2012 Duke Energy Indiana, Inc. - Gallagher Generating Station 043-31451-00004 (final)		AFFIX STAMP HERE IF USED AS CERTIFICATE OF MAILING
Name and address of Sender	 Indiana Department of Environmental Management Office of Air Quality – Permits Branch 100 N. Senate Indianapolis, IN 46204	Type of Mail:  <b>CERTIFICATE OF MAILING ONLY</b>	

Line	Article Number	Name, Address, Street and Post Office Address	Postage	Handing Charges	Act. Value (If Registered)	Insured Value	Due Send if COD	R.R. Fee	S.D. Fee	S.H. Fee	Rest. Del. Fee	Remarks
1		Patrick Coughlin Duke Energy Indiana, Inc. - Gallagher Generating S 1000 E Main St Plainfield IN 46168 (Source CAATS) via confirm delivery										
2		Bryan Walsh Plant Mgr - Gallagher Gen Station Duke Energy Indiana, Inc. - Gallagher Generating S 30 Jackson St New Albany IN 47150 (RO CAATS)										
3		Mr. Robert Bottom Paddlewheel Alliance P.O. Box 35531 Louisville KY 40232-5531 (Affected Party)										
4		Floyd County Commissioners 311-319 West 1st St, Rm 214 New Albany IN 47150 (Local Official)										
5		New Albany City Council and Mayors Office City County Building #316 New Albany IN 47150 (Local Official)										
6		Floyd County Health Department 1917 Bono Rd New Albany IN 47150-4607 (Health Department)										
7		Mr. Arthur L. Williams Louisville Kentucky Air Pollution Control District 850 Barrett Avenue Louisville KY 40204-1745 (Affected State)										
8		Ms. Sue Green 1985 Kepley Road Georgetown IN 47122 (Affected Party)										
9		Ms. Michelle Stites 850 Barret Ave. Louisville KY 40204 (Affected Party)										
10												
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14												
15												

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