

**MONTANA DEPARTMENT OF ENVIRONMENTAL QUALITY  
OPERATING PERMIT TECHNICAL REVIEW DOCUMENT**

**Permitting and Compliance Division  
1520 E. Sixth Avenue  
P.O. Box 200901  
Helena, Montana 59620-0901**

Graymont Western U.S., Inc. – Indian Creek Facility  
Quarry: Section 33, Township 7 North, Range 1 East  
Lime Manufacturing Facility: Section 28 (SW¼), Township 7 North, Range 1 East  
Railroad Load-Out Facility: Section 25, Township 7 North, Range 1 East  
P.O. Box 550  
Townsend, MT 59644

The following table summarizes the air quality programs testing, monitoring, and reporting requirements applicable to this facility.

Facility Compliance Requirements	Yes	No	Comments
Source Tests Required	X		Method 5, 6, 6A-C, 7, 7A-E, 9, 10, 10A-b, visual survey
Ambient Monitoring Required		X	
COMS Required	X		Continuous Opacity Monitoring System (COMS)
Schedule of Compliance Required		X	
Annual Compliance Certification and Semiannual Reporting Required	X		
Monthly Reporting Required		X	
Quarterly Reporting Required	X		COMS Inspection and Audit
<b>Applicable Air Quality Programs</b>			
ARM Subchapter 7 – Montana Air Quality Permit (MAQP)	X		MAQP#1554-16
New Source Performance Standards (NSPS)	X		40 CFR 60, Subpart Y, Subpart HH,
National Emission Standards for Hazardous Air Pollutants (NESHAPS)		X	Except Subpart M
Maximum Achievable Control Technology (MACT)		X	
Major New Source Review (NSR) – includes Prevention of Significant Deterioration (PSD) and/or Non-attainment Area (NAA) NSR	X		
Risk Management Plan Required (RMP)		X	
Acid Rain Title IV		X	
Compliance Assurance Monitoring (CAM)	X		Appendix E of OP1554-04
State Implementation Plan (SIP)	X		General SIP

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## SECTION I. GENERAL INFORMATION

### A. Purpose

This document establishes the basis for the decisions made regarding the applicable requirements, monitoring plan, and compliance status of emission units affected by the operating permit proposed for this facility. The document is intended for reference during review of the proposed permit by the Environmental Protection Agency (EPA) and the public. It is also intended to provide background information not included in the operating permit and to document issues that may become important during modifications or renewals of the permit. Conclusions in this document are based on information provided in the original application submitted by Continental Lime Incorporated (CLI), predecessor to Graymont Western U.S., Inc., (Graymont), on June 29, 1995, and additional submittals on October 9, 1998, April 11, 2000, August 13, 2001, May 6, 2004, September 21, 2004, and October 11, 2005. The current application for permit renewal was received by the Department of Environmental Quality (Department) on August 16, 2011.

### B. Facility Location

A limestone quarry, lime manufacturing facility, and railroad loadout facility located in Broadwater County, Montana. The limestone quarry and lime manufacturing plant are located approximately 4 miles west of Townsend on Indian Creek Road. The quarry is located in Section 33, Township 7 North, Range 1 East and the lime manufacturing facility is located in Section 28, Township 7 North, Range 1 East. The railroad loadout facility is located 1 mile north of Townsend in Section 25, Township 7 North, Range 1 East.

### C. Facility Background Information Montana Air Quality Permit History

The original air quality **Montana Air Quality Permit (MAQP) #1554** was issued to CLI for a limestone quarry and lime manufacturing facility from the Montana Department of Health and Environmental Sciences on June 15, 1981.

On August 27, 1982, the EPA Region VIII issued a permit to CLI under the requirements of 40 CFR 52.21, Prevention of Significant Deterioration of Air Quality (PSD). The permit was for the construction and operation of the lime manufacturing facility, including the #1 Lime Kiln.

The first change was given **MAQP #1554A** and was modified on May 1, 1985, to update the permit to comply with the applicable New Source Performance Standards and to remove the ambient monitoring requirement.

The second change was given **MAQP #1554A-2** and was issued April 13, 1990. The alteration consisted of the addition of a second rotary lime kiln capable of producing 500 tons per day of quicklime (CaO). The application also included the necessary ancillary equipment to support the kiln, such as lime handling, lime loadout and coal handling systems. The operating capacity of the existing quarry, crusher and conveying systems was sufficient to handle the increase in lime production with only an increase in operating hours. The maximum rated capacity of the crusher is estimated at 1,481,331 tons per year.

The alteration was a "major modification" according to the PSD rules. Therefore, CLI was required to meet the PSD permitting requirements. The PSD rules required submittal of 1 year of Particulate Matter smaller than 10 micros (PM<sub>10</sub>) pre-monitoring data. CLI submitted 4 months of PM<sub>10</sub> monitoring data and requested that the Department accept this amount of monitoring data as adequate. CLI submitted a statistical analysis of previously submitted Total Suspended Particulate (TSP) data and demonstrated, to the satisfaction of the Department, that the 4 months of PM<sub>10</sub> data would provide a complete and adequate

analysis. MAQP Application #1554A-2 was deemed complete on February 12, 1990. The third change was given **MAQP #1554-03** and was issued on July 16, 1993. The modification was requested to allow CLI an opportunity to conduct temporary burning of coke and coal mixtures in the two kilns at the Indian Creek plant.

During the temporary burning of coke and coal mixtures, CLI was required to meet their existing permit conditions, as well as additional reporting and tracking requirements outlined in Section II.G of MAQP Modification #1554-03.

During all temporary burning, CLI was required to maintain compliance with the sulfur-in-fuel rule. The temporary burning was allowed for 18 weeks and had to be completed no later than December 3, 1993. CLI is required to submit a permit application to request any permanent change for the burning of coke.

The fourth change to the permit, given **MAQP #1554-04**, was issued on August 27, 1993, for the construction and installation of a lime hydrator at the Indian Creek plant. The hydrator will convert quicklime to hydrated lime. The lime hydrator is located at the product end of the plant. The hydrator process takes lime (as calcium oxide) and adds water and/or steam to form calcium hydroxide or hydrated lime.

The lime hydrator operates at full production only when the demand for hydrated lime is great enough. The demand was expected to be greatest from June through September. During this seasonal period, production was expected to be up to 24 hours per day, 7 days per week. During the non-seasonal market periods, operation was expected to be one shift, 5 days per week.

The lime hydrator was designed to produce 15 tons per hour of hydrated lime. The lime hydrator will be controlled by a wet scrubber to control product losses and keep the process under negative pressure. The process uses the spent scrubbing liquid for its water feed; therefore, no sludge handling or removal is required. The handling of quicklime and hydrated lime is controlled using bin vent fabric filter dust collectors.

CLI submitted another permit application on April 15, 1994, for the addition of a Nitrogen Oxides (NO<sub>x</sub>) limit for the #2 Kiln. The application was given **MAQP #1554-05**. This application was withdrawn by the company and, therefore, MAQP #1554-05 was not issued.

**MAQP Alteration #1554-06** was issued on March 20, 1996, to do the following:

1. Increase the allowable sulfur limit for the coal used to fire the kilns. The sulfur limit was increased from the previously allowable 0.6% by weight to 1.0 Pounds per Million British Thermal Unit (lb/MMBtu). This allowed CLI greater flexibility in selecting coal suppliers.
2. Allow CLI to use syncoal to fire the kilns.
3. Establish emission limits for NO<sub>x</sub>, sulfur dioxide (SO<sub>2</sub>), and carbon monoxide (CO) for the #2 Lime Kiln.
4. Increase the SO<sub>2</sub> emission limits for the #1 Lime Kiln. The permit also increased the CO limit and decreased the NO<sub>x</sub> limit for the #1 Lime Kiln to be consistent with the limits for the #2 Lime Kiln. The changes in the CO and NO<sub>x</sub> limits were based on Best Available Control Technology (BACT) and stack tests at the facility. The increase in the SO<sub>2</sub> limit was based on the increased allowable sulfur-in-fuel.

5. This permitting action also changed the units of the particulate emission limit for the lime hydrator in Section II.B.8.a of Permit #1554-05 from pound per ton (lb/ton) of lime hydrate to pound per hour (lb/hr). The new particulate limit (1.5 lb/hr) was derived by multiplying the old emission limit of 0.10 lb/ton of lime hydrate by the production capacity of 15 tons of lime hydrate per hour.

The net increases of NO<sub>x</sub>, SO<sub>2</sub> and CO were greater than the PSD significance levels, and the permit was subject to the requirements of the PSD program. This application fulfilled the PSD review requirements for both lime kilns and, therefore, the permit replaced EPA's PSD permit that was issued for the #1 Lime Kiln on August 27, 1982, as well as the state MAQP #1554-04.

A detailed description of this permitting action is contained in the analysis of MAQP #1554-06.

On April 22, 1996, CLI submitted a complete application for **MAQP #1554-07** to increase the particulate emission limit for the lime hydrator at the facility. The unit's design incorporates a wet scrubber, which was not able to perform as well as originally expected. CLI proposed that the emission limit be increased from 1.5 lb/hr to 3.0 lb/hr. The proposal would increase the allowable PM<sub>10</sub> emissions from the facility by 4.2 tons/year. This permit also authorized the extension of the hydrator stack to 94 feet. Modeling performed on the hydrator emissions had shown there would not be a significant impact on the local air quality.

Because the hydrator had not yet been tested to demonstrate compliance with the particulate emission limits established during the original permitting action (MAQP #1554-04), emission changes authorized by this action were considered part of the original permitting action to determine PSD applicability. If permitted for unlimited hours of operation, the potential to emit of the hydrator facility would exceed the PSD significant level of 15 tons/year of PM<sub>10</sub>. This permitting action established a limit of 7400 hours of operation per year on the lime hydrator. This limit brought the potential to emit for the entire hydrator unit to less than 15 tons/year of PM<sub>10</sub> and the hydrator was not subject to the requirements of the PSD program.

On March 23, 1997, CLI was issued **MAQP #1554-08**, which was a modification of their existing permit to allow for a test burn using petroleum coke at the facility. This allowed CLI to conduct the test burn using 744 tons of petroleum coke. The test burn had to be completed by October 1, 1997. The emissions from this test burn did not exceed 15 tons of SO<sub>2</sub>; therefore, this test burn was completed according to Administrative Rules of Montana (ARM) 17.8.705(1)(q). However, as described in ARM 17.8.733(1)(c), the permit did need to be modified to allow the temporary burning of the petroleum coke. CLI was still required to comply with their existing SO<sub>2</sub> emission limitation and with the sulfur-in-fuel requirements contained in ARM 17.8.322(6)(c). Some of the equipment installed as a result of this test burn was a coke lump breaker and some conveying equipment. This equipment was retained by the facility to be used when the permanent use of coke is approved.

On June 20, 1997, CLI was issued **MAQP #1554-09** to use petroleum coke as fuel for the kilns at the plant. This resulted in a significant increase in the allowable SO<sub>2</sub> emissions from the kilns. The significant increase in SO<sub>2</sub> required that a PSD review be conducted for SO<sub>2</sub> by the Department for this permit. There was also a slight increase in the amount of PM<sub>10</sub> emissions generated from the facility by the installation of some additional fuel handling equipment for the coke fuel for this project. The increase in PM<sub>10</sub> emissions did not exceed PSD significance levels for this pollutant. Allowable emissions of NO<sub>x</sub> and CO did not increase as a result of this permitting action.

Along with the request to use petroleum coke in the kilns, CLI also proposed to install additional limestone processing equipment near the existing crusher at the limestone quarry. This limestone processing operation would allow CLI to screen larger pieces of limestone as a product. This proposal was a separate project from the use of petroleum coke in the kilns, but was incorporated into the

permitting action. The only emissions from the limestone processing proposal were particulate emissions. The amount of particulate emissions generated from the limestone proposal did not exceed PSD significant levels by themselves, or when added to the amount of particulate emissions generated from the proposed petroleum coke project.

The proposed equipment covered by the permitting action is as follows:

1. Coke/coal blending system consisting of a lump breaker, two hoppers, and conveying equipment; and
2. Limestone processing equipment consisting of a screen (S2) and three new conveyors (C6, C7, and C9).

As part of the permitting action, the Department also updated the permit to reflect that CLI completed a source test on the kilns in 1995 to demonstrate compliance with the particulate limit of 0.50 lb/ton of limestone feed. The air quality permit had required CLI to install a device capable of measuring the mass rate of stone feed to the kilns. Because of the design and configuration of CLI's facility, it was impossible for the measuring device to be installed prior to the kilns; however, the device was installed after the kilns to measure the amount of lime produced from the kilns. This device was used during the required source test to determine compliance with the kiln's particulate limit. The Department accepted this configuration and the corresponding permit condition was revised to reflect the current configuration of the measuring device.

On May 9, 1997, CLI requested that the Department delay the issuance of the Department Decision on MAQP #1554-09 to allow for the completion of a source test on Kiln #1. This delay was not a problem because the Department Decision would still be issued in compliance with the statutorily mandated time frames. This source test was required by MAQP #1554-08 and it would be extremely awkward to issue MAQP #1554-09, because a new emission limit would be in effect while a source test was conducted to demonstrate compliance with an older emission limit. CLI conducted the source test on Kiln #1 on May 13, 1997, and demonstrated compliance with the applicable NO<sub>x</sub>, SO<sub>2</sub>, and CO emission limits. Kiln #2 never did burn petroleum coke during the test burn; therefore, Kiln #2 was not required to be tested during the test burn. The petroleum coke test burn was completed and all references to the test burn in the permit were removed from the permit.

On September 18, 1997, the Department received a request from CLI to modify MAQP #1554-09. **MAQP #1554-10** removed the requirement for CLI to send the lime kiln dust through a pugmill prior to transportation for on-site disposal. This was necessary because the pugmill was not very effective for controlling emissions and the added water reduced the quality of the lime kiln dust so it could not be readily sold as a product. Instead of operating the pugmill, CLI would be required to comply with the following conditions whenever lime kiln dust is loaded into trucks. These requirements would actually result in a decrease in emissions from more effective control of the handling of lime kiln dust while maintaining the product quality.

1. CLI shall provide a partial enclosure of the lime kiln dust silo (T-89) and surge bin loadout area (N-280) by installing wind guards on the sides of the silo and surge bin.
2. CLI shall unload from the lime kiln dust silo (T-89) and the surge bin (N-280) to the trucks using a telescopic system that has partial air return through an existing baghouse.
3. All trucks hauling lime kiln dust must be covered.
4. CLI shall provide for water to be applied at the storage site when it is necessary to meet the reasonable precaution requirements of ARM 17.8.308(1).

Because there was not an increase in emissions, the proposal was completed according to ARM 17.8.705(1)(q). However, as described in ARM 17.8.733(1)(c), the permit did not need to be modified to allow CLI to replace the pugmill with the above-mentioned requirements.

On December 31, 1998, **MAQP #1554-11** was issued to CLI, which removed the requirement for CLI to operate ambient PM-10 monitors at their facility. This action was conducted in accordance with the October 9, 1998, guideline developed by the Department and the requirements of Attachment 1 were removed from CLI's permit. The ambient monitoring requirements can be reinstated in the future if the Department determines it is necessary.

This permitting action also added some miscellaneous equipment to the list of permitted equipment in the permit analysis. The equipment included a roll crusher, conveyors, and feeders added for the fuel-blending project. This project could have been conducted without a permit, pursuant to ARM 17.8.705(1)(r); however, the equipment was added to the permitted equipment list to avoid any future confusion over these emission sources.

On September 12, 1999, CLI was issued an alteration to Permit #1554-11 allowing CLI to replace the existing 700-horse power (hp) DC fan motor on Kiln #1 with a 900-hp AC motor. The new motor allowed CLI to increase the revolutions per minute RPM on the fan, which allowed more air to be pulled through the system. This could result in an increase in emissions. However, the new fan was limited by permit to 1750 RPM, which was the maximum RPM the existing motor could achieve. CLI was required to record the fan motor RPM from their computerized system to demonstrate compliance with this condition. Because of the RPM restriction, there was not an increase in potential emissions as a result of the permitting action. **MAQP #1554-12** replaced MAQP #1554-11.

On August 30, 2000, CLI submitted a complete permit application for the alteration of MAQP #1554-12. Under this permit action, CLI proposed the following changes:

- A facility name change from Continental Lime, Inc., - Indian Creek Facility, to Graymont Western U.S., Inc., - Indian Creek Facility
- Increasing the horsepower on the rotary Lime Kiln #2 I.D. fan motor from 700 hp to 900 hp and restricting the allowable RPM for the motor to 1750 rpm
- Increasing the NO<sub>x</sub> emission limit/rate from 77.5 lb/hr to 100 lb/hr for rotary Lime Kiln #1 and rotary Lime Kiln #2

Graymont requested the increase in horsepower on the rotary Lime Kiln #2 I.D. fan motor from 700-hp to 900-hp for the purpose of operational flexibility and reliability of equipment. Because Graymont proposed a 1750-RPM restriction for the 900-hp rotary Lime Kiln #2 I.D. fan motor, the proposed motor change would not increase potential air flow through the kiln and thus would not increase kiln production capacity. The proposed RPM restriction is identical to the existing restriction placed on the smaller motor for rotary Lime Kiln #1.

Because the above proposed changes would not increase production capacity, this permit action did not result in a significant net increase in emissions of PM<sub>10</sub>, SO<sub>2</sub>, Volatile Organic Compounds (VOC), and CO as defined under the New Source Review PSD program. However, Graymont was proposing an increase in allowable NO<sub>x</sub> emissions from 77.5 lb/hr/kiln to 100 lb/hr/kiln. The proposed changes would increase Graymont's potential NO<sub>x</sub> emissions by 197.10 tons per year, resulting in a significant net emission increase.

Graymont is a major source of emissions and is located in an area considered either attainment or unclassified for NO<sub>x</sub>. Therefore, because the proposed changes would result in a potential NO<sub>x</sub> emission increase of greater than 40 tons per year (PSD significance level for NO<sub>x</sub>), the proposed changes

constituted a major modification and this permit action required a PSD review. In accordance with the PSD regulations, Graymont was required, among other things, to demonstrate compliance with National Ambient Air Quality Standards (NAAQS), Montana Ambient Air Quality Standards (MAAQs), and the PSD NO<sub>x</sub> increment of 2.5 micrograms per cubic meter (ug/m<sup>3</sup>). In addition, the PSD regulations required that Graymont analyze the cumulative NO<sub>x</sub> impact from the existing plant and surrounding sources of NO<sub>x</sub> emissions.

Graymont demonstrated compliance with the PSD NO<sub>x</sub> increment by modeling NO<sub>x</sub> emission impacts for the existing plant, the proposed changes to the plant, and surrounding sources of additional NO<sub>x</sub> emissions. The modeling exercise demonstrated that the proposed change would not violate the NAAQS or MAAQS and did not consume the available NO<sub>x</sub> increment .

A complete copy of the Graymont PSD application, including all applicable modeling and modeling results, is on file with the Department. **MAQP #1554-13** replaced MAQP #1554-12.

On January 29, 2001, the Department received a de minimis determination request from Graymont. For the purpose of improving silo ventilation, Graymont proposed the installation and operation of a second silo vent on the existing syncoal silo #T-290. Graymont proposed that particulate emissions from the proposed vent be controlled by a 1000 actual cubic feet per minute (acfm) fabric filter baghouse. However, because potential uncontrolled emissions from the proposed vent were less than the de minimis threshold of 15 ton/yr, the Department determined that the current permit action could be accomplished under the provisions of the ARM 17.8.705(1)(r). Calculations demonstrating compliance with the ARM 17.8.705(1)(r) are contained in Section III.H of the permit analysis. **MAQP #1554-14** replaced MAQP #1554-13.

On May 22, 2002, the Department received a permit modification request from Graymont. The proposed permit change involved modification of the existing lime kiln dust (LKD) unloading operations to achieve compliance with the condition in Section II.A.23. of Graymont's MAQP #1554-14 and Section III.D.16. of Graymont's Operating Permit #OP1554-02. The existing condition required that Graymont utilize telescoping spouts with partial air return to an existing baghouse for the control of particulate emissions from LKD unloading operations at the facility. While existing LKD unloading operations did utilize telescoping spouts, Graymont did not incorporate partial air return through a baghouse to control particulate emissions from LKD unloading operations, as required by permit. The proposed action required a BACT analysis.

Under the permit modification, Graymont proposed to remove the existing Aeropulse baghouse equipped with a 900 cubic feet per minute (cfm) fan from the coal/coke/syncoal silo (T-290) and re-install the baghouse with associated inlet header and ductwork, on the South #1 Kiln Cyclone Silo to achieve compliance with the previously cited condition(s). Silo T-290 utilized two baghouses, a 1000 cfm Micropul baghouse, permitted under MAQP #1554-14, and the previously described 900 cfm Aeropulse baghouse. Fuel loading operations at silo T-290 do not require the use of both baghouses and the existing 1000 cfm Micropul baghouse is sufficient to effectively control particulate emissions from fuel transfer operations to the silo. Installation and operation of the 900 cfm Aeropulse baghouse brought Graymont into compliance with the previously cited permitted requirements.

Further, on May 31, 2002, the Department received a second request for permit modification under ARM 17.8.705(1)(r)(i). In the second modification request, Graymont proposed the use of on-specification used oil to fire the rotary lime kilns at the facility. Subsequently, on July 18, 2002, the Department received notification from Graymont that the proposal to fire the kilns with on-specification used oil was withdrawn. **MAQP #1554-15** replaced MAQP #1554-14.



On September 2, 2004, the Department received notification from Graymont of facility changes in accordance with the provisions of ARM 17.8.745(1) (de minimis rule). Specifically, existing coal handling operations involved truck unloading/dumping of coal and transfer of coal to a coal stockpile via a front-end loader. Under the de minimis action, Graymont added two portable coal conveyors to accommodate a portion of coal handling activities. Incorporation of the 2 new portable conveyors resulted in the addition of 3 new coal material transfer points. The permit action added the portable conveyors to the list of equipment at the Graymont facility. An emission inventory demonstrating compliance with the de minimis rule is contained in Section III, Emission Inventory, of the permit analysis to MAQP #1554-15.

In addition to the above cited de minimis notification, Graymont proposed an administrative amendment (AA) to Permit #1554-15 to allow for cyclone/fabric filter control of quarry drilling operations. Under Permit #1554-15, Graymont was required to use skirting and water spray to control fugitive dust emissions resulting from drilling operations. Under the AA, Graymont permitted the ability to utilize skirting and cyclone/fabric filter control for certain drilling operations and skirting and water spray for other operations. Since the use of skirting and cyclone/fabric filter control would provide equivalent or greater control of fugitive dust when compared to skirting and water spray, the Department determined that this proposed change could be accomplished under an AA. Under the permit action, Section II.A.4 was modified to accommodate this operating change. **MAQP #1554-16** replaced MAQP #1554-15.

### **Title V Operating Permit History**

On June 11, 2001, Graymont was issued final and effective **Operating MAQP #OP1554-00** for the Indian Creek facility.

On August 13, 2001, the Department received a request, from Graymont, for an administrative amendment to air quality Operating Permit #OP1554-00. Graymont requested that the Department modify Section V.B.2 to indicate the proper semi-annual report due date as February 28 rather than January 31. The Department concurred that the appropriate semi-annual report due date is February 28<sup>th</sup> and the permit was modified accordingly. In addition, Graymont requested that the Department incorporate weekly visual inspection requirements into Section III.F (Hydrated Lime Product Operations). Because Section III.F already included Method 9 source testing, as required by the Department, for Hydrated Lime Product Operations, the Department did not include this requirement under the permit action. **Operating MAQP #OP1554-01** replaced Operating MAQP #OP1554-00.

On May 6, 2004, the Department received notification from Graymont of a change in responsible official from Herb Herman, Vice President of U.S. Manufacturing, to Elton Chorney, Plant Manager. **Operating Permit #OP1554-02** provided this change and replaced Operating Permit #OP1554-01.

On September 21, 2004, the Department received an application for a significant modification of Title V Operating Permit #OP1554-02. The proposed changes were previously incorporated into Graymont's MAQP #1554-16 under an administrative amendment issued final on October 13, 2004. Specifically, the modification allowed for cyclone and fabric filter control of quarry drilling operations. Under the existing permitted quarry drilling operations, Graymont was required to use skirting and water spray to control fugitive dust emissions resulting from drilling operations. The modification allowed Graymont to utilize skirting and cyclone/fabric filter control for certain quarry drilling operations and skirting and water spray for other quarry drilling operations. Since the use of skirting and cyclone/fabric filter control would provide equivalent or greater control of fugitive dust emissions from quarry drilling operations, when compared to skirting and water spray, the Department determined that the proposed change was appropriate. Section III.B.5, and the associated compliance demonstration, recordkeeping, and reporting requirements, were modified to accommodate this operating change.

In addition, the insignificant emitting unit list was updated to include a portable coal conveyor system (IEU007) recently added to Graymont operations under ARM 17.8.745 (de minimis rule). Also, the permit action updated the language contained in Section III.C.18 and Section III.F.17 to reflect current recordkeeping language used by the Department for rolling 12-month permit limits. Finally, for the purpose of maintaining consistency among regulated Title V sources, the Department changed the semiannual reporting requirements indicating due dates of February 28 and August 31 to February 15 and August 15. All affected permit conditions were updated to reflect the changed reporting dates.

**Operating Permit #OP1554-03** replaced Operating Permit #1554-02.

As required under ARM 17.8.1205(d), on October 7, 2005, Graymont submitted to the Department an application for Title V Operating Permit renewal. The application was deemed technically complete on December 14, 2005, with the submittal of the required Compliance Assurance Monitoring (CAM) Plan. In accordance with the ARM 17.8.1509, the permit action incorporated a CAM Plan for PM emissions from Rotary Lime Kiln #1 and #2 (see Appendix E of Permit #OP1554-04). In addition permit language was updated. The permit action renewed Graymont's Title V Operating Permit. **Operating Permit #OP1554-04** replaces Operating Permit #OP1554-03.

#### D. Current Permit Action

As required under ARM 17.8.1205(d), on August 16, 2011, Graymont submitted to the Department an application for Title V Operating Permit renewal. The application was deemed technically complete on September 15, 2011. Graymont requested the removal of EU10, Sugar Stone Screen and Associated Equipment, from the permit. EU10 was permitted, but never installed and will not be installed in the future. In addition, the current permit action updates permit language currently used by the Department for Title V Operating Permits. Since issuance of Title V Operating Permit #OP1554-04, there have been no significant modifications to permitted operations at the Graymont facility; therefore, the current permit action does not include any additional changes to permitted operations. The current permit action renews Graymont's Title V Operating Permit. **Operating Permit #OP1554-05** replaces Operating Permit #OP1554-04.

#### E. Taking and Damaging Analysis

HB 311, the Montana Private Property Assessment Act, requires analysis of every proposed state agency administrative rule, policy, permit condition or permit denial, pertaining to an environmental matter, to determine whether the state action constitutes a taking or damaging of private real property that requires compensation under the Montana or U.S. Constitution. As part of issuing an operating permit, the Department is required to complete a Taking and Damaging Checklist. As required by 2-10-101 through 2-10-105, MCA, the Department conducted the following private property taking and damaging assessment.

YES	NO	
X		1. Does the action pertain to land or water management or environmental regulation affecting private real property or water rights?
	X	2. Does the action result in either a permanent or indefinite physical occupation of private property?
	X	3. Does the action deny a fundamental attribute of ownership? (ex.: right to exclude others, disposal of property)
	X	4. Does the action deprive the owner of all economically viable uses of the property?
	X	5. Does the action require a property owner to dedicate a portion of property or to grant an easement? [If no, go to (6)].
		5a. Is there a reasonable, specific connection between the government requirement and legitimate state interests?
		5b. Is the government requirement roughly proportional to the impact of the proposed use of the property?
	X	6. Does the action have a severe impact on the value of the property? (consider economic impact, investment-backed expectations, character of government action)

YES	NO	
	X	7. Does the action damage the property by causing some physical disturbance with respect to the property in excess of that sustained by the public generally?
	X	7a. Is the impact of government action direct, peculiar, and significant?
	X	7b. Has government action resulted in the property becoming practically inaccessible, waterlogged or flooded?
	X	7c. Has government action lowered property values by more than 30% and necessitated the physical taking of adjacent property or property across a public way from the property in question?
	X	Takings or damaging implications? (Taking or damaging implications exist if YES is checked in response to question 1 and also to any one or more of the following questions: 2, 3, 4, 6, 7a, 7b, 7c; or if NO is checked in response to questions 5a or 5b; the shaded areas)

Based on this analysis, the Department determined there are no taking or damaging implications associated with this permit action.

#### **F. Compliance Designation**

Graymont was last inspected on July 7, 2011. A full compliance evaluation was issued on August 12, 2011. Graymont found to be in compliance with all applicable requirements.

## SECTION II. SUMMARY OF EMISSION UNITS

### A. Facility Process Description

Graymont's existing limestone quarry, lime manufacturing plant, and proposed additions are located in Broadwater County, Montana, approximately 4.5 miles west of Townsend on Indian Creek Road. The quarry is located in Section 33, Township 7 North, Range 1 East, and the lime manufacturing facility is located in Section 28, Township 7 North, Range 1 East. A railroad loadout facility is located 1 mile north of Townsend in Section 25, Township 7 North, Range 1 East. The nearest PSD Class I area is the Gates of the Mountains Wilderness, approximately 28 miles north of Graymont's existing Indian Creek plant. Graymont is approximately 130 kilometers from Yellowstone National Park. A more detailed site description is contained in Permit Application #1554A-2.

The primary raw material for the lime manufacturing process is limestone. The limestone for this plant is obtained from the quarry located about 1 mile south of the plant area.

The process of obtaining limestone first begins with drilling and blasting. The blasted limestone is loaded into trucks using a front-end loader. The broken material is transported by truck to a hopper and from there it is crushed and screened. The screened limestone is then conveyed to storage piles using a long conveying system. From the storage piles, the limestone passes over a screen and is then conveyed into the two kiln preheaters.

The preheaters, located above the kilns, are used to preheat the limestone and to control the feed rate to the kiln. The stone that is added to the kilns is subjected to heat and a gentle tumbling action.

As the limestone "falls" down through the kiln, the temperature increases as it gets closer to the flame. This heating action converts the limestone ( $\text{CaCO}_3$ ) to lime ( $\text{CaO}$ ) and carbon dioxide ( $\text{CO}_2$ ).

Once the lime reaches the end of the kiln, it is cooled and crushed to its final size. The lime is conveyed to one of several possible lime storage silos. Some of the lime will be processed through the lime hydrator to produce hydrated lime. The product lime is then loaded into trucks for transport to various markets.

The product lime is loaded into standard over-the-road covered trucks. These trucks are able to haul approximately 35 tons of lime. The loading occurs at the new and existing lime loadout facilities. The trucks proceed down an unpaved road until they reach Highway 12 and/or the railroad loadout facility. The rail loadout facility is located about 150 meters from the highway. The unpaved road is watered and treated with chemical suppressant (usually Magnesium Chloride ( $\text{MgCl}_2$ )).

### B. Emission Units and Pollution Control Device Identification

The following table lists the emitting units regulated by Permit #OP1554-03. These sources are considered significant sources of emissions at the Graymont facility (ARM 17.8.1211).

Emission Unit ID	Description	Pollution Control Device/Practice
EU001	Quarry Blasting	Work Practices
EU002	Quarry Drilling	Water and/or Baghouse
EU003	Wind Erosion - Stockpiles	Water
EU004	Fugitive Emissions – Disturbed Areas	Water and/or Chemical Dust Suppressant and/or Re-Vegetation, Coverings
EU005	Fugitive Emissions – Haul Roads	Water and/or Chemical Dust Suppressant
EU006	Limestone Dumping and Primary Crushing	Water and Baghouse
EU007	Limestone Screening - Quarry	Water and/or Baghouse
EU008	Raw Material Transfer and Stacker	Water

EU009	Limestone Dressing, Screening and Conveying	Water and/or Baghouse
EU011	Lime Kiln #1	Baghouse
EU012	Lime Kiln #2	Baghouse
EU013	Kiln Dust Storage (baghouse) and Handling	Baghouse
EU014	Lime Crushing, Screening and Transfer	Baghouse
EU015	Lime Product Load-out	Baghouse
EU016	Railroad Lime Loadout	Baghouse
EU017	Railroad Unload	Baghouse
EU018	Lime Hydrator Surge Bin	Baghouse
EU019	Lime Hydrator	Wet Scrubber
EU020	Hydrated Lime Pulverizing, Storage, and Transfer	Baghouse
EU021	Hydrated Lime Load-out	Baghouse
EU022	Coal Unloading Handling and Storage	Baghouse (on storage)
EU023	Coal, Syncoal, Petroleum Coke Handling and Blending	Baghouse
EU024	Coal, Syncoal, Petroleum Coke Crushing and Handling	Baghouse
EU025	Fuel Use – Diesel Fuel	None
EU026	Fuel Use – Gasoline	None

### C. Categorically Insignificant Sources/Activities

The following table of insignificant sources and/or activities was provided by Graymont to assist in understanding the facility's layout. Because there are no requirements to update such a list, the emission units and/or activities may change from those specified in the table.

Emission Unit ID	Description
IEU001	Limestone Removal / Loading
IEU002	Waste (fines) Removal and Loading
IEU003	Removal to Dressing Screen Stockpile
IEU004	Fuel Storage Tanks
IEU005	Diesel Garage Heaters
IEU006	Core Bin/Bunker Loadout
IEU007	Portable Coal Conveyor System

### SECTION III. PERMIT CONDITIONS

#### A. Emission Limits and Standards

The Department has determined that the emission limits that apply to EU001, EU002, EU003, EU004, EU005 – Quarry Blasting; Quarry Drilling; Wind Erosion – Stockpiles; Fugitive Emissions – Disturbed Areas; Fugitive Emissions – Haul Roads are as follows: The particulate matter limit is established using the particulate matter calculation for new equipment (ARM 17.8.309). Opacity is limited to 20%.

The Department has determined that the emission limits that apply to EU006, EU007, EU008, EU009, EU010 – Limestone Dumping and Primary Crushing, Limestone Screening, Raw Material Transfer and Stacker, and Limestone Dressing, Screening and Conveying: The particulate matter limit is established using the particulate calculation for new equipment (ARM 17.8.309). For all these sources the opacity is limited to 20%.

The Department has determined that the emission limits that apply to EU011, EU012, EU013 – Lime Kiln #1, Lime Kiln #2, and Kiln Dust Storage (baghouse and silo) and Handling are as follows: the particulate matter limit for the rotary lime kilns is 0.5 lb/ton of lime produced. The opacity limit that applies to the baghouses controlling the rotary lime kilns is 15%. The opacity limit applicable to all associated sources excluding the baghouse stacks, as previously discussed, is 20% established through reasonable precautions (ARM 17.8.308). The NO<sub>x</sub> limit that applies to the rotary lime kilns is 100 lb/hr. The SO<sub>2</sub> limit applicable to rotary lime kilns is 63.5 lb/hr. The CO limit that applies to the rotary lime kilns is 131 lb/hr. The VOC limit applicable to the rotary lime kilns is 1.25 lb/hr.

The Department has determined that the emission limits that apply to EU014, EU015, EU016, EU017 – Lime Product Crushing, Screening and Transfer, Lime Product Load-out, Railroad Lime Load-out, Railroad Un-Load are as follows: The particulate matter emissions from the lime baghouse are limited to 0.0027 lb/ton of lime produced. The opacity limit applicable to the lime baghouse is 20%. The opacity limit applicable to all associated lime product sources excluding the baghouse stack, as previously discussed, is 20% established through reasonable precautions (ARM 17.8.308).

The Department has determined that the emission limits that apply to EU018, EU019, EU020, EU021 – Lime Hydrator Surge Bin; Lime Hydrator; Hydrated Lime Pulverizing, Storage and Transfer; and Hydrated Lime Load-out are as follows: Particulate matter emissions from the lime hydrator are limited to 3 lb/hr of operation (ARM 17.8.715). Particulate emissions from the lime handling bin vent (controlling the surge bin); the hydrated lime product handling dust collector (controlling the bucket conveyor, oversize pulverizer, and hydrate storage silo); and the truck loading filter module (controlling the hydrated lime truck load-out) are limited to 0.020 gr/dscf (ARM 17.8.715). The opacity limit applicable to the lime hydrator; the lime handling bin vent (controlling the surge bin); the hydrated lime product handling dust collector (controlling the bucket conveyor, oversize pulverizer, and hydrate storage silo); and the truck loading filter module (controlling the hydrated lime truck load-out) is 15% (ARM 17.8.715). The opacity limit applicable to all other associated hydrated lime product sources, excluding those sources previously discussed, is 20% established through reasonable precautions (ARM 17.8.308).

The Department has determined that the emission limits that apply to EU022, EU023, EU024 – Coal Unloading, Handling, and Storage; Coal, Syncoal, and Petroleum Coke Handling and Blending; and Coal, Syncoal, and Petroleum Coke Crushing and Handling are as follows: Particulate emissions from the coal baghouse (Micropul, Model 8-B, 400 acfm) are limited to 0.0001 lb/ton coal fired. The opacity limit applicable to all associated sources is limited to 20% established through BACT determinations (ARM 17.8.715), applicable Federal requirements (40 CFR 60, Subpart Y), and reasonable precautions (ARM 17.8.308).

The Department has determined that the emission limits that apply to EU025, EU026 – Diesel Fuel Use, Gasoline Fuel Use are as follows: The particulate matter limit is established using the particulate matter calculation for new equipment (ARM 17.8.309). The opacity limit applicable to all affected sources is 20% established through BACT (ARM 17.8.715) and reasonable precautions limits (ARM 17.8.308).

## **B. Monitoring Requirements**

ARM 17.8.1212(1) requires that all monitoring and analysis procedures or test methods required under applicable requirements are contained in operating permits. In addition, when the applicable requirement does not require periodic testing or monitoring, periodic monitoring must be prescribed that is sufficient to yield reliable data from the relevant time period that is representative of the source's compliance with the permit.

The requirements for testing, monitoring, recordkeeping, reporting, and compliance certification sufficient to assure compliance do not require the permit to impose the same level of rigor for all emissions units. Furthermore, they do not require extensive testing or monitoring to assure compliance with the applicable requirements for emissions units that do not have significant potential to violate emission limitations or other requirements under normal operating conditions. When compliance with the underlying applicable requirement for an insignificant emissions unit is not threatened by lack of regular monitoring and when periodic testing or monitoring is not otherwise required by the applicable requirement, the status quo (i.e., no monitoring) will meet the requirements of ARM 17.8.1212(1). Therefore, the permit does not include monitoring for insignificant emissions units.

The permit includes periodic monitoring or recordkeeping for each applicable requirement. The information obtained from the monitoring and recordkeeping will be used by the permittee to periodically certify compliance with the emission limits and standards. However, the Department may request additional testing to determine compliance with the emission limits and standards. Further, a CAM Plan for PM emissions resulting from the Rotary Lime Kiln operations Kiln #1 and #2) is included in Appendix E to Permit #OP1554-05.

## **C. Test Methods and Procedures**

The operating permit may not require testing for all sources if routine monitoring is used to determine compliance, but the Department has the authority to require testing if deemed necessary to determine compliance with an emission limit or standard. In addition, the permittee may elect to voluntarily conduct compliance testing to confirm its compliance status.

## **D. Recordkeeping Requirements**

Graymont is required to keep all records listed in the operating permit as a permanent business record for at least five years following the date of the generation of the record.

## **E. Reporting Requirements**

Reporting requirements are included in the permit for each emissions unit and Section V of the operating permit "General Conditions" explains the reporting requirements. However, the permittee is required to submit semi-annual and annual monitoring reports to the Department and to annually certify compliance with the applicable requirements contained in the permit. The reports must include a list of all emission limit and monitoring deviations, the reason for any deviation, and the corrective action taken as a result of any deviation.

## F. Public Notice

In accordance with ARM 17.8.1232, a public notice was published in the *Helena Independent Record* newspaper on October 5, 2012. The Department provided a 30-day public comment period on the draft operating permit from October 5, 2012, to November 5, 2012. ARM 17.8.1232 requires the Department to keep a record of both comments and issues raised during the public participation process. The comments and issues received by November 5, 2012, are summarized below, along with the Department's responses, in the following table. All comments received during the public comment period will be promptly forwarded to Graymont so they may have an opportunity to respond to these comments as well.

### Summary of Public Comments

Person/Group Commenting	Comment	Department Response
	None Received	

## G. Draft Permit Comments

### Summary of Permittee Comments

Permit Reference	Permittee Comment	Department Response
<b>Graymont</b>	<p><b>Changes to Weekly Visual Survey requirements in specific stipulations III.B.10, II.C.8, II.D.24, III.E.9 and III.G.12</b></p> <p>Changes to the draft document with respect to weekly visual survey requirements require that if weekly visual surveys indicate the observation of dust during the weekly visual survey, that Method 9 source tests will be required within one hour. Following the Method 9 source test, if the results of the source test indicate source test results greater than 15%, immediate corrective action is required by Graymont with documentation of subsequent corrective action. Graymont believes that implementation of the</p>	<p>The change in visual survey language was initiated by a Title V program review in 2007 by EPA. Title V is a delegated program, not a SIP approved program, so EPA has much more authority with respect to our implementation of Title V. Most (if not all) states that operate a delegated Title V program use visual survey language, which across the country has gone through several iterations. Language very similar to Montana's previous visual survey language had lost challenges/petitions in other parts of the country and EPA noted our language in that 2007 review as needing to change. In the legal challenges, the lack of Method 9 requirement was consistently the weak point. Appellants argued that anything less than Method 9 was subjective, etc. and could not be relied upon for compliance purposes. Therefore, EPA strongly recommended the one language choice for visual surveys that had withstood challenge and petitions was from 40 CFR 63, Subpart LLL – MACT for Portland Cement</p>



	<p>affected provisions would prove to be problematic to implement given Graymont's workforce structure. In order to effectively implement this provision the Responsible Official would need to ensure that a certified Method 9 observer is available for every week of the year. Given Graymont's lean workforce model it would be difficult if not impossible to logistically ensure that a Method 9 certified observer is continuously available during all weeks of the year.</p> <p>Although Graymont makes a concerted effort to ensure that a Method 9 certified observer is consistently on-site, unforeseen logistical issues such as employee vacation, sickness, and shifting schedules required as a function of maintenance activities would almost certainly expose Graymont to a position where a deviation with the current weekly visual survey requirements would occur. Additionally, Method 9 challenges associated with method requirements for sun angles could prove to be problematic with respect to implementation of the provisions during winter months.</p> <p>Graymont would prefer retention of the existing language, to the extent practicable, in lieu of the draft language provided in this</p>	<p>Manufacturing.</p> <p>The Department is sympathetic to Graymont's concerns and open to troubleshooting the specific issues, but EPA will not approve visual survey language without a Method 9 requirement. This was discussed extensively with CAAAC at the beginning of this renewal cycle (end of 2008).</p>
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	document. Failing that, it is Graymont's hope that some compromise language could be negotiated wherein Method 22 could be utilized instead of Method 9.	
	<p><b>Duplicative Language</b></p> <p>Please note that specific stipulations III.D.30, III.D.38, III.D.40 and Ili.D.45 appear to contain duplicative language. Graymont suggests duplicative language be removed from the document when it is appropriate to do so.</p>	This language is duplicative by design. 40 CFR 60 Subpart HH is a federal statute that is incorporated by reference into the permit, thus each reference is referring to the applicable portions of the Subpart for permit limits, compliance demonstration and reporting requirements.
	<p><b>Table D. EU011, EU012, EU013 - Rotary Lime Kiln Operations</b></p> <p>Graymont requests that Agency staff compare Table D applicability requirements for compliance with respect to 40 CFR 60 Subpart HH from OP1554-04 to OP1554-05 to ensure the current draft meets the Agency's intent.</p>	References in Table D have been updated to reflect the appropriate sections.
	<p><b>General Provision E. Prompt Deviation Reporting</b></p> <p>Specific stipulation III.D.42 (g) clarifies that excess emissions as determined by COMS systems are reported on a quarterly basis. Graymont suggests that additional language be added to General Stipulation V.E. to further clarify that COMS excess emissions in excess of 15% are not subject to the provisions of V.E.1 and V.E.2 but are instead satisfied under the provisions of III.D.42 (g).</p>	Section V. E includes the statement "To be considered prompt, deviations shall be reported to the Department within the following timeframes (unless otherwise specified in an applicable requirement):" this statement meets the intent of the requested changes.

	<p><b>Technical Review Document Note</b></p> <p>Table B. Emissions Units and Pollution Control Device Identification identifies Emission Unit EUO19, Lime Hydrator, as being controlled by a baghouse. Graymont wishes to clarify with the Agency that the lime hydrator is controlled by a wet scrubber.</p>	<p>Noted and updated.</p>

**Summary of EPA Comments**

Permit Reference	EPA Comment	Department Response
	None Received	

#### **SECTION IV. NON-APPLICABLE REQUIREMENT ANALYSIS**

Pursuant to ARM 17.8.1221, Graymont requested a permit shield for all non-applicable regulatory requirements and regulatory orders identified in Table 7.1 of the permit application. Graymont appears to have appropriately non-applicable regulatory requirements.

## SECTION V. FUTURE PERMIT CONSIDERATIONS

### A. MACT Standards

As of the date of issuance of the draft Title V Operating Permit #OP1554-05, the Department is not aware of any proposed or pending MACT standards that may be applicable.

### B. NESHAP Standards

As of the date of issuance date the draft Title V Operating Permit #OP1554-05, the Department is unaware of any future NESHAP Standards that may be promulgated that will affect this facility.

### C. NSPS Standards

As of the date of issuance date of the draft Title V Operating Permit #OP1554-05, the Department is unaware of any future NSPS Standards that may be promulgated that will affect this facility.

### D. Risk Management Plan

As of the draft issuance date of Title V Operating Permit #OP1554-05, this facility does not exceed the minimum threshold quantities for any regulated substance listed in 40 CFR 68.115 for any facility process. Consequently, this facility is not required to submit a Risk Management Plan.

If a facility has more than a threshold quantity of a regulated substance in a process, the facility must comply with 40 CFR 68 requirements no later than June 21, 1999; three years after the date on which a regulated substance is first listed under 40 CFR 68.130; or the date on which a regulated substance is first present in more than a threshold quantity in a process, whichever is later.

### E. CAM Applicability

An emitting unit located at a Title V facility that meets the following criteria listed in ARM 17.8.1503 is subject to Subchapter 15 and must develop a CAM Plan for that unit:

- The emitting unit is subject to an emission limitation or standard for the applicable regulated air pollutant (unless the limitation or standard that is exempt under ARM 17.8.1503(2));
- The emitting unit uses a control device to achieve compliance with such limit; and
- The emitting unit has potential pre-control device emission of the applicable regulated air pollutant that is greater than major source thresholds.

Graymont has in place CAM plans for Emission Units EU011 and EU012 as required.

### F. PSD and Title V Greenhouse Gas Tailoring Rule

On May 7, 2010, EPA published the "light duty vehicle rule" (Docket # EPA-HQ-OAR- 2009-0472, 75 FR 25324) controlling greenhouse gas (GHG) emissions from mobile sources, whereby GHG became a pollutant subject to regulation under the Federal and Montana Clean Air Act(s). On June 3, 2010, EPA promulgated the GHG "Tailoring Rule" (Docket # EPA-HQ-OAR-2009-0517, 75 FR 31514) which modified 40 CFR Parts 51, 52, 70, and 71 to specify which facilities are subject to GHG permitting requirements and when such facilities become subject to regulation for GHG under the PSD and Title V programs.

Under the Tailoring Rule, any PSD action (either a new major stationary source or a major modification at a major stationary source) taken for a pollutant or pollutants other than GHG that would become final on or after January 2, 2011 would be subject to PSD permitting requirements for

GHG if the GHG increases associated with that action were at or above 75,000 TPY of carbon dioxide equivalent (CO<sub>2</sub>e) and greater than 0 TPY on a mass basis. Similarly, if such action were taken, any resulting requirements would be subject to inclusion in the Title V Operating Permit. Facilities which hold Title V permits due to criteria pollutant emissions over 100 TPY would need to incorporate any GHG applicable requirements into their operating permits for any Title V action that would have a final decision occurring on or after January 2, 2011.

Starting on July 1, 2011, PSD permitting requirements would be triggered for modifications that were determined to be major under PSD based on GHG emissions alone, even if no other pollutant triggered a major modification. In addition, sources that are not considered PSD major sources based on criteria pollutant emissions would become subject to PSD review if their facility-wide potential emissions equaled or exceeded 100,000 TPY of CO<sub>2</sub>e and 100 or 250 TPY of GHG on a mass basis depending on their listed status in ARM 17.8.801(22) and they undertook a permitting action with increases of 75,000 TPY or more of CO<sub>2</sub>e and greater than 0 TPY of GHG on a mass basis. With respect to Title V, sources not currently holding a Title V permit that have potential facility-wide emissions equal to or exceeding 100,000 TPY of CO<sub>2</sub>e and 100 TPY of GHG on a mass basis would be required to obtain a Title V Operating Permit.

Based on information provided by Graymont, Graymont's potential emissions exceed the GHG major source threshold of 100,000 TPY of CO<sub>2</sub>e for both Title V and PSD under the Tailoring Rule.