



MID-MICHIGAN ENERGY, LLC
c/o LS Power Development, LLC
400 Chesterfield Center, Suite 110
St. Louis, Missouri 63017
(636) 532-2200 · Fax (636) 532-2250

Via Overnight Mail

June 17, 2008

RECEIVED

JUN 18 2008

AIR QUALITY DIV.

Mr. James Haywood, Senior Meteorologist
Michigan Department of Environmental Quality, Modeling and Meteorology Unit
Constitution Hall
525 West Allegan Street
3rd Floor, North Tower
Lansing, MI 48933

Re: Permit to Install (PTI) Application Number 297-07
Mid-Michigan Energy Station
Midland, Michigan

Dear Mr. Haywood:

On June 16, 2008, Mid-Michigan Energy, LLC (MME) received electronic mail correspondence from Mr. John Vial detailing the Air Quality Division's approach to implementing the PM-2.5 standards. This message recommended that MME review the original pre-construction monitoring waiver (see Attachment 1) to confirm that it specifically addresses PM-2.5.

MME has reviewed the waiver that was granted by the Michigan Department of Environmental Quality (MDEQ) on December 21, 2007 for the Mid-Michigan Energy Station. MME's interpretation of the letter is that the MDEQ has already granted a pre-construction monitoring waiver for PM-2.5. This interpretation is predicated on the statement contained on page 3 of the December 21st letter which states, "the AQD grants the Mid-Michigan Energy, LLC request for a preconstruction monitoring waiver and will not require any additional ambient monitoring to complete the required air quality analysis."

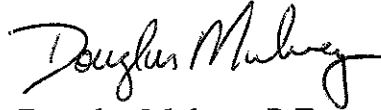
The December 21st letter also provides a listing of monitors to use and Table 1 of this letter contains the 24-hour and annual background data to utilize. MME is proceeding with modeling based upon the information provided in this December 21st letter.

Mr. Haywood
June 17, 2008

Page 2

Please contact me at (636) 532-2200 or via email at dmulvey@lspower.com if you have questions.

Very truly yours,

A handwritten signature in black ink that reads "Douglas Mulvey". The signature is written in a cursive style with a large, sweeping initial "D".

Douglas Mulvey, P.E.
Environmental Engineer

Cc: John Vial, MDEQ, with enclosures

Enclosures: as noted

ATTACHMENT 1



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



STEVEN E. CHESTER
DIRECTOR

December 21, 2007

Mr. Douglas Mulvey, P.E.
Mid-Michigan Energy, LLC
400 Chesterfield Center, Suite 110
St. Louis, Missouri 63017

Dear Mr. Mulvey:

SUBJECT: Request for Waiver to Perform Preconstruction Monitoring
Mid-Michigan Energy – Midland, Michigan

The Michigan Department of Environmental Quality (MDEQ), Air Quality Division (AQD), has completed processing your request of June 11, 2007, seeking a preconstruction monitoring waiver on behalf of Mid-Michigan Energy, LLC of Midland, Michigan.

As you are aware, the U.S. Environmental Protection Agency requires at least one year of continuous air monitoring data for each criteria pollutant proposed to be emitted in a significant amount at a major stationary source.

40 CFR 52.21(m)(a/b)(iii – iv):

(m) Air quality analysis — (1) Preapplication analysis. (i) Any application for a permit under this section shall contain an analysis of ambient air quality in the area that the major stationary source or major modification would affect for each of the following pollutants:

(a) For the source, each pollutant that it would have the potential to omit [sic] in a significant amount;

(b) For the modification, each pollutant for which it would result in a significant net emissions increase.

(iii) With respect to any such pollutant (other than nonmethane hydrocarbons) for which such a standard does exist, the analysis shall contain continuous air quality monitoring data gathered for purposes of determining whether emissions of that pollutant would cause or contribute to a violation of the standard or any maximum allowable increase.

(iv) In general, the continuous air quality monitoring data that is required shall have been gathered over a period of at least one year and shall represent at least the year preceding receipt of the application, except that, if the Administrator determines that a complete and adequate analysis can be accomplished with monitoring data gathered over a period shorter than one year (but not to be less than four months), the data that is required shall have been gathered over at least that shorter period.

Michigan Air Pollution Control Rule (R 336.2813) mirrors these regulations.

Additional guidance (e.g., 40 CFR 51, Appendix W – Guidelines on Air Quality Models), allows the use of existing regional data, if representative, as an alternative to requiring additional onsite preconstruction monitoring data.

40 CFR 51, Appendix W

8.2.1 Discussion

a. Background concentrations are an essential part of the total air quality concentration to be considered in determining source impacts. Background air quality includes pollutant concentrations due to: (1) Natural sources; (2) nearby sources other than the one(s) currently under consideration; and (3) unidentified sources.

8.2.2 Recommendations (Isolated Single Source)

c. If there are no monitors located in the vicinity of the source, a "regional site" may be used to determine background. A "regional site" is one that is located away from the area of interest but is impacted by similar natural and distant man-made sources.

The guidance provided by 40 CFR 51, Appendix W has been adopted by reference in the Michigan Air Pollution Control Rules.

Within urban areas, pollutant gradients can be highly variable, necessitating a dense network of monitors to determine representative background concentrations. Within the middle and northern areas of the state, however, the lack of large population centers and strong background industrial bases causes regional background concentrations to be much more homogeneous allowing wider spacing of monitors. A review of available data above the 43rd latitude shows several regional monitoring sites from prevailing wind directions. Figure 1 depicts the monitors and associated pollutants reviewed for representative regional background concentrations. A wind rose is included to indicate prevailing wind directions, using 2002-2006 meteorology from the Midland/Bay City/Saginaw (MBS) Airport.

The AQD Missaukee County monitor collected carbon monoxide (CO) data from 2002 through 2003 and from the Otisville monitor in 2004. The AQD considers this data to be representative of the Mid-Midland Energy area since prevailing southwest winds will carry similar regional background concentrations to Midland. As no new significant upwind sources of CO have been constructed since this time period, these data remain current and representative.

The AQD monitor near Flint currently collects PM-10 data on the regulatory six-day schedule. This monitor is located southeast of Midland. Per regulatory guidelines, AQD uses the fourth highest value over a three year period to derive the 24-hour background concentration. The AQD also monitored PM2.5 concentrations at their Saginaw and Bay City monitors from 2004 through 2006. Per regulatory guidelines, the three-year average of each annual 98th percentile was used to determine the 24-hour background concentration.

Emissions of volatile organic compounds (VOCs) could potentially result in increased regional ozone (O3) concentrations. Existing ozone monitoring data are also represented within this area of Michigan. The nearest operating monitors are located in Missaukee County (i.e., northwest) and Harbor Beach (i.e., east). The Missaukee County monitor provides representative inland background concentrations while the Harbor Beach monitor provides

representative lakeshore background concentrations. Midland County is currently in attainment with all federal ozone standards. The 2004-2006 ozone "Design Value" at both the Missaukee County and Harbor Beach monitors is 72 parts per billion (ppb), well below the 85 ppb federal attainment threshold. As such, no additional ozone impact analyses will be required during the ambient air quality demonstration.

After reviewing the existing monitoring database and confirming the consistency of data from several regional monitors, the AQD believes adequate monitoring data exists that are representative of the Midland area. Therefore, the AQD grants the Mid-Michigan Energy, LLC request for a preconstruction monitoring waiver and will not require any additional ambient monitoring to complete the required air quality analysis.

Background Concentrations

The attached Table 1 is a compilation of the representative background data that may be used to complete the National Ambient Air Quality Standard (NAAQS) demonstration. For short-term averages, AQD guidelines require the applicant to use the highest of the second highest monitored values collected over the most representative three-year period. The 24-hour PM10 and PM2.5 background concentrations are calculated as previously described in this letter. The highest annual average over the representative monitoring period should be used in the NAAQS modeling demonstration.

If you have any questions concerning these data or their application in your analysis, please contact Mr. Jim Haywood, AQD, at 517-241-7478.

Sincerely,



G. Vinson Hellwig, Chief
Air Quality Division

Attachments

cc: Mr. Jaime Boothby, Vision Environmental
Ms. Lynn Fiedler, MDEQ
Mr. Jim Haywood, MDEQ
Mr. Lori Myott, MDEQ

Figure 1
Representative Monitor Locations

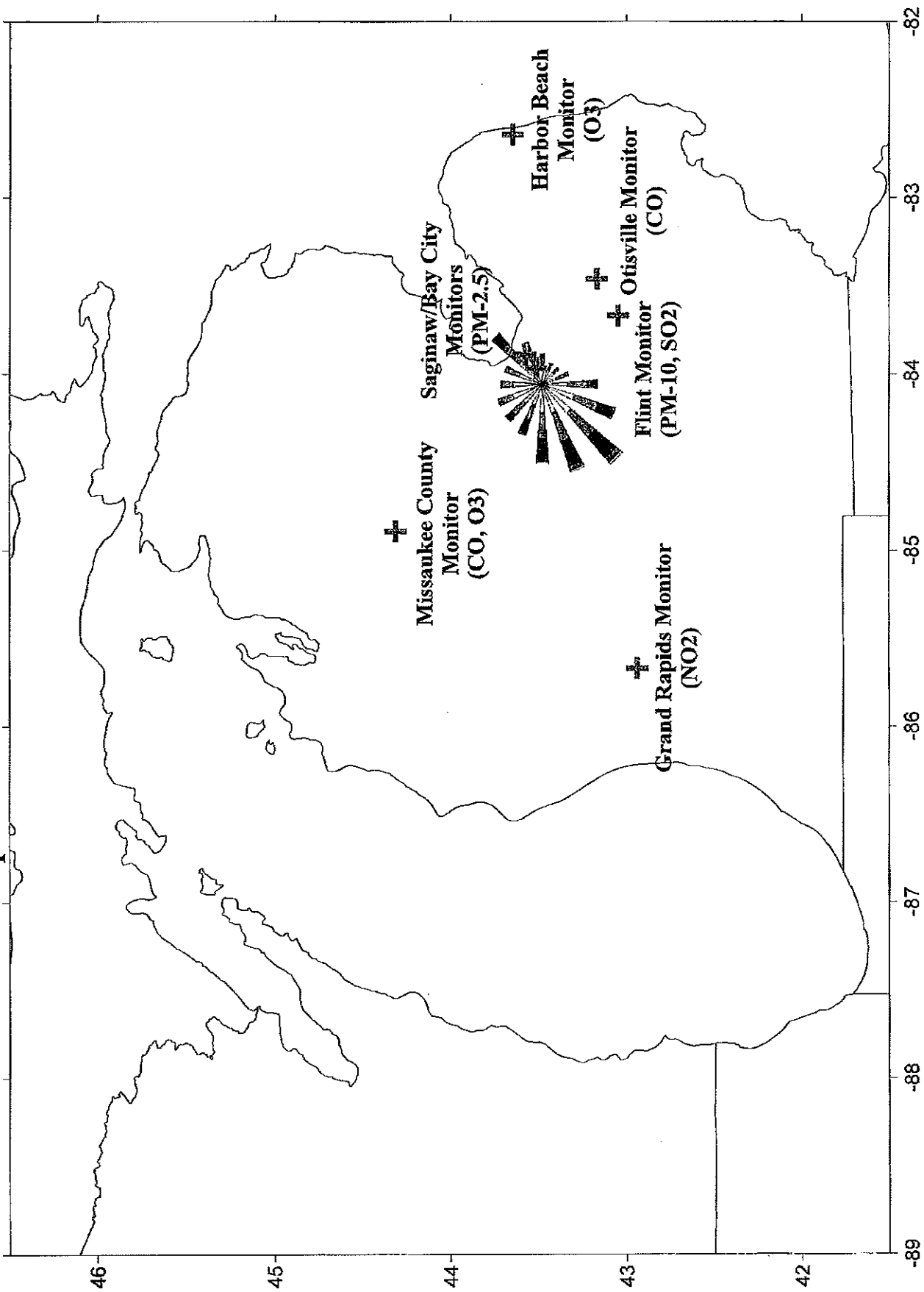


TABLE 1

BACKGROUND CONCENTRATIONS MID-MICHIGAN ENERGY, LLC - MIDLAND, MICHIGAN PRE-CONSTRUCTION MONITORING WAIVER APPROVAL (10/23/2007)

	CITY	ADDRESS	TYPE	YEAR	Distance	H2H 3-HR	H2H 24-HR	ANNUAL
SO2	Flint	Whaley Park, 3610 Iowa	Urban	2004	68.7 km	58.5	26.6	5.3
SO2	Flint	Whaley Park, 3610 Iowa	Urban	2005	68.7 km	66.5	34.6	5.3
SO2	Flint	Whaley Park, 3610 Iowa	Urban	2006	68.7 km	34.6	18.6	5.3
					HIGHEST	66.5	34.6	5.3

	CITY	ADDRESS	TYPE	YEAR	Distance	ANNUAL
NO2	Grand Rapids	1179 Monroe Nw	Urban	2004	164.8 km	26.7
NO2	Grand Rapids	1179 Monroe Nw	Urban	2005	164.8 km	28.7
NO2	Grand Rapids	1179 Monroe Nw	Urban	2006	164.8 km	26.7
					HIGHEST	28.7

	CITY	ADDRESS	TYPE	YEAR	Distance	24-HR	ANNUAL
PM25	Saginaw	2500 Pierce Rd	Suburban	2004	25.4 km	--	9.5
PM25	Saginaw	2500 Pierce Rd	Suburban	2005	25.4 km	--	11.7
PM25	Bay City	1101 Jenison Street, Bay City, Mi	Urban	2006	33.2 km	--	10.2
					HIGHEST	31.0	11.7
						98th Pctl	

	CITY	ADDRESS	TYPE	YEAR	Distance		ANNUAL
PM-10	Flint	Whaley Park, 3610 Iowa	Urban	2004	68.7 km	----	19.0
PM-10	Flint	Whaley Park, 3610 Iowa	Urban	2005	68.7 km	----	21.0
PM-10	Flint	Whaley Park, 3610 Iowa	Urban	2006	68.7 km	----	15.0
					HIGHEST	52.0	21.0
						4th High	

	CITY	ADDRESS	TYPE	YEAR	Distance	H2H 1-HR	H2H 8-HR
CO	Missaukee Co.	1769 S Jeffs Rd	Rural	2002	91.5 km	1740	1624
CO	Missaukee Co.	1769 S Jeffs Rd	Rural	2003	91.5 km	696	464
CO	Otisville	Washburn Rd	Rural	2004	84.9 km	1160	696
					HIGHEST	1740	1624