



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



STEVEN E. CHESTER
DIRECTOR

November 28, 2005

Mr. Don Windeler
Severstal North America, Inc.
3001 Miller Road
Dearborn, Michigan 48121

Dear Mr. Windeler:

Thank you for your letter of September 15, 2005, requesting assistance in resolving a permitting policy issue through the Air Quality Division's (AQD) Issue Resolution Process. The issue for resolution involved manganese emissions from the proposed modifications under review in Permit to Install application No. 182-05 and the applicability of the initial threshold screening level (ITSL) established pursuant to Rule 225, promulgated pursuant to Part 55, Air Pollution Control, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended. Although the issues addressed in your letter were resolved verbally in a series of meetings, and the permit application in question is now in the midst of the public comment period, the AQD's policy on Rule 225 applicability needs to be clarified in a written response.

In your letter of September 15, 2005, you contend that the AQD interprets the Severstal facility as one emission unit and that facility-wide modeling is required to measure compliance with the ITSL under Rule 225. Rule 225(1) reads as follows:

*A person who is responsible for any proposed new or modified emission unit or units for which an application for a permit to install is required by part 2 of these rules and which emits a toxic air contaminant (TAC) shall not cause or allow the emission of toxic air contaminants **from the proposed new or modified emission unit or units** in excess of [the applicable ITSL]. (emphasis added)*

The AQD interprets Rule 225 as applying to each affected emission unit as defined by Rule 225. As the regulation reads, affected emission units under Rule 225 are the proposed modified emission units. Rule 113(j) defines "modify" as:

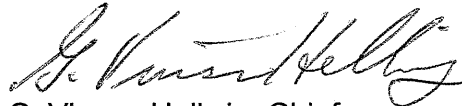
Making a physical change in, or change in the method of operation of, existing process or process equipment which increases the amount of any air contaminant emitted into the outer air which is not already allowed to be emitted under the conditions of a permit or order....

This definition reflects the methodology AQD followed in requesting the inclusion of the hot metal transfer operations, the desulfurization operations, the basic oxygen furnace, ladle refining facility (LRF) #1, and LRF #2 in the Rule 225 analysis. At that time, the AQD believed all of these units qualified as proposed modified emission units. Upon further review and discussion, AQD now concurs with the determination that LRF #1 and LRF #2 will not experience an increase in emissions due to the proposed production increase. Included in the

draft conditions are requirements to assure that neither LRF #1 nor LRF #2 will see an increase in emissions as a result of this modification. However, it is the AQD's position that the emission units upstream of the LRFs will experience an increase in emissions due to the proposed production increase, thus requiring their inclusion in the Rule 225 analysis. This was the final determination made in the permit review and was the basis for the draft conditions currently out for public comment.

Please contact me if you have any questions or comments regarding this letter.

Sincerely,



G. Vinson Hellwig, Chief
Air Quality Division
517-373-7069

cc: Mr. William E. Hornberger, Severstal NA
Mr. James Earl, Severstal NA
Mr. Del Rector, NTH Consultants, Ltd.
Mr. Dennis Armbruster, Department of Environmental Quality
Ms. Lynn Fiedler, Department of Environmental Quality
Ms. Mary Ann Dolehanty, Department of Environmental Quality
Mr. James Donaldson, Department of Environmental Quality