UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
RESEARCH TRIANGLE PARK, NC 27711

OFFICE OF
AIR QUALITY PLANNING
AND STANDARDS

AUG 27 1996

MEMORANDUM

SUBJECT: Analysis of the Applicability of Prevention of Significant Deterioration (PSD) to the Anheuser-Busch, Incorporated Brewery and Nutri-Turf, Incorporated Landfarm at Fort Collins, Colorado

FROM: Robert G. Kellam, Acting Director
Information Transfer & Program Integration
Division, OAQPS (MD-12)

TO: Richard R. Long, Director
Air Program, Region VIII (8P2-A)

This is in response to your April 3, 1996 letter requesting PSD single stationary source determination for Anheuser-Busch's Fort Collins, Colorado brewery and Nutri-Turf landfarm. The Environmental Protection Agency (EPA) Headquarters considered the applicability of the PSD rules at 40 CFR 52.21 to the Anheuser-Busch, Inc. (Anheuser-Busch) brewery and the Nutri-Turf, Inc. (Nutri-Turf) landfarm in Fort Collins, Colorado.

PSD Applicability

The EPA Headquarters concurs with Region VIII's conclusion that the brewery and landfarm. are considered a single stationary source for PSD applicability purposes. Specifically, we conclude that the brewery and landfarm are commonly owned by AnheuserBusch, the brewery and landfarm are on contiguous or adjacent properties, and the landfarm. is a support facility for the brewery. In fact, the landfarm, which disposes of the brewery's waste water, is part of the brewery. The background information and details of the EPA's analysis follow.

Background

Anheuser-Busch received a PSD permit from EPA Region VIII on March 15, 1984 to construct a new brewery at Fort Collins, Colorado. The brewery was determined to be a major stationary source with potential emissions that exceeded significant emissions rates for nitrogen oxides, sulfur dioxide, and

particulates. Potential volatile organic compound (VOC) emissions from the brewery were reported by Anheuser-Busch to be less than the PSD significant emissions rate of 40 tons per year. Anheuser-Busch did not report any air emissions from its Nutri-Turf landfarm in its original PSD application.

The brewery and landfarm are about 6 miles apart and are physically connected by a pipeline. Anheuser-Busch owns the brewery and landfarm. The landfarm was purchased and modified by Anheuser-Busch during the time the brewery was under construction for disposing of waste water from the brewery. The brewery waste water stream, containing hydrocarbons, is piped to the landfarm and disposed of by land application. The subsequent VOC emissions at the landfarm are a direct result of brewery operations. Land application of the waste water stream from the brewery at the landfarm began concurrently with-brewery production in 1988.

In 1986, the Colorado Department of Health (CDH) became the PSD permitting authority in Colorado, replacing EPA. In July 1993 the CDH issued a notice of violation to Anheuser-Busch for constructing VOC emitting units without valid permits at its Fort Collins brewery. Since the issuance of the PSD permit, the EPA and CDH determined that Anheuser-Busch did not include all of its potential VOC emissions at the brewery in its original PSD application. The VOC emissions from the brewery, excluding emissions from the landfarm, exceed the 40 tons per year significant emissions threshold for PSD applicability. An accurate calculation of potential VOC emissions from the landfarm has not yet been completed.

In response to an August 19, 1993 request from CDH, the EPA Region VIII determined in an October 23, 1993 letter that the brewery and landfarm are considered a single stationary source for PSD applicability. In January 31, 1995.and July 6, 1995 letters to CDH, Anheuser-Busch presented its position that the brewery and landfarm are two separate sources for PSD applicability purposes. After reviewing the positions presented by Anheuser-Busch, EPA Region VIII clarified and reaffirmed its previous single source determination in a letter to CDH dated September 20, 1995. Since EPA was the PSD permitting authority at the time the brewery was permitted, EPA is the responsible Agency for enforcement of any PSD violations at the brewery and landfarm based on the current-plant configurations.

PSD Definition of Source

The PSD requirements apply to the construction of major stationary sources and major modifications at major stationary

sources. See 40 CFR 52.21(i). The PSD regulations define stationary sources as any building, structure, facility, or installation that emits, or may emit any air pollutant subject to regulation under the Clean Air Act. See 40 CFR 52.21(b)(5). The regulations go on to define "building, structure, facility, or installation" as:

> all of the pollutant emitting activities that belong to the same industrial grouping, are on one or more contiguous or adjacent properties, and are under the control of the same person (or persons under common control) except the activities of any vessel. Pollutant emitting activities will be considered as part of the same industrial grouping if they belong to the same "Major Group" (i.e., which have the same first two-digit code) as described in the Standard Industrial Classification Manual, 1972, as amended by the 1977 Supplement (U.S. Government Printing Office stock number 4101-0066 and 003-005-00176-0, respectively) [40 CFR 52.21(b)(6)].

The regulations do not expressly address how to classify a source composed of more than one grouping of pollutant emitting activities. However, in the preamble to these regulations, EPA explained that each source is to be classified according to its primary activity, which is determined by its principal product or group of products produced or distributed, or services rendered. Thus, one source classification encompasses both primary and support facilities, even when the latter includes units with a different two-digit SIC code. Support facilities are typically those that convey, store, or otherwise assist in the production of the principal product or group of products produced or distributed, or services rendered. Where a unit is used to support two otherwise distinct sets of activities, the unit is to be included within the source that , most heavily relies on its support. See 45 FR 52676, 52695 (August 7, 1980).

The criteria for defining a stationary source under the PSD regulations as they apply to the Anheuser-Busch brewery and landfarm situation are discussed below.

Contiguous or Adjacent

A specific distance between pollutant emitting activities has never been established by EPA for determining when facilities should be considered separate or one source for PSD purposes. Whether facilities are contiguous or adjacent is determined on a case-by-case basis, based on the relationship between the facilities. The EPA considers the brewery and landfarm, to be

contiguous or adjacent since the landfarm operation is an integral part of the brewery operations, i.e., land application at the landfarm is the means chosen by Anheuser-Busch to dispose of the ethanol contaminated process water from the brewery operations. Without a means of waste water disposal the brewery cannot operate. The additional fact that a pipeline physically connects the brewery and landfarm strengthens the conclusion that the brewery operation is dependent on landfarm operations. For this case, the distance between the brewery and landfarm does not support a PSD determination that the brewery proper and the landfarm constitute separate sources for PSD purposes.

SIC Code

As noted, EPA's contemporaneous interpretation of the PSD regulations is that each source is to be classified according to its primary activity that is determined by its principal product or group of products. Thus, one source classification encompasses both primary and support facilities, even when it includes units with a different two-digit SIC code. Without an acceptable means of waste water disposal the brewery cannot produce beer. Land application at the landfarm is the waste water disposal means chosen by Anheuser-Busch for the brewery. Upon further review of the October 23, 1993, letter from Region VIII to CDH, the EPA believes that the landfarm is a support facility to the brewery since landfarm operations assist in the primary activity of the brewery. Even if the landfarm, has a separate two-digit SIC code from the brewery, the landfarm is still a support facility for the brewery and considered part of the brewery. In other words, support activities are aggregated with their associated primary activity regardless of dissimilar SIC codes.

Common Control

Both the brewery and landfarm are under common control since they (as well as the pipeline connecting them) are owned by Anheuser-Busch. The landfarm was purchased and modified by Anheuser-Busch before the operation of the brewery.

This analysis has been reviewed by EPA's Office of Enforcement and Compliance Assurance and EPA's Office of General Counsel. If you have any questions please contact Mike Sewell of the Integrated Implementation Group at (919) 541-0873.

I appreciate this opportunity to be of service and trust this information will be helpful to you.