

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4
ATLANTA FEDERAL CENTER
61 FORSYTH STREET
ATLANTA, GEORGIA 30303-8960

January 28, 2000

4APT-ARB

Mr. C.H. Fancy
Division of Air Resources Management
Florida Department of Environmental Protection
Twin Towers Office Building
2600 Blair Stone Rd.
Tallahassee, Florida 32399-2400

SUBJ: Applicability of Prevention of Significant Deterioration Permitting Requirements,
Wellcraft Marine Corporation, Sarasota, Florida

Thank you for the request from the Florida Department of Environmental Protection (FDEP) on January 4, 2000, asking for an opinion on whether two separate facilities operated by Wellcraft Marine Corporation (Wellcraft) in Sarasota, Florida, should be aggregated as one source for prevention of significant deterioration (PSD) permit applicability purposes. The two facilities are referred to as Plant 1 and Plant 6, and are located approximately 0.5 miles apart. Wellcraft proposes to modify Plant 1 by installing a closed molding operation. Related to permitting requirements for this modification, Wellcraft contends that the two facilities should be viewed as separate emission sources. Based on our understanding of existing emissions from the two facilities, treating the two facilities as separate sources would mean that the proposed modification would not constitute a major modification under prevention of significant deterioration (PSD) regulations. This is because Plant 1 by itself is not an existing major PSD source, and the proposed modification does not constitute a major source on its own.

For two facilities to be aggregated as part of the same source under PSD regulations, generally they must be under common ownership or control, belong to the same major industrial grouping, and be located on one or more "contiguous or adjacent" properties. The two Wellcraft facilities are clearly under common ownership and belong to the same major industrial grouping. Our opinion is that Plant 1 and Plant 6 are located on adjacent properties and should be considered as one source for PSD permitting purposes. This opinion is based on the following considerations:

1. The separation distance of 0.5 miles is definitely within the distances previously determined by the U.S. Environmental Protection Agency (EPA) to consider separated facilities as adjacent. For example, in a letter from EPA Region 4 dated May 12, 1999, we rendered an opinion on whether two facilities under common ownership and located

approximately one mile apart should be considered adjacent for Title V permitting purposes. Although we concluded that the two facilities could be considered separate based primarily on a lack of interdependence, we also made the following statement: "For this and future such determinations, our position is that separate facilities could be considered a single source for Title V permit applicability purposes strictly on the basis of proximity without regard to whether the facilities are dependent on each other or physically connected in some way." We are of the same opinion for PSD applicability assessments as for Title V applicability assessments.

2. Plant 1 and Plant 6 are allowed to emit substantial quantities of volatile organic compounds, a major portion of which we assume is styrene and other hazardous air pollutant emissions. The distance between Plant 1 and Plant 6 is close enough that emissions from the two facilities could interact and impact the same ambient environment regardless of whether they are operationally independent. Therefore, within the broad air quality protection objectives of the prevention of significant deterioration regulations, a review of the control technology and ambient impact aspects of the proposed Plant 1 modification is certainly indicated if PSD review is merited on a procedural basis (that is, on the basis of site adjacency).
3. We understand that Wellcraft's position on judging the two facilities as separate sources derives primarily from their view that the two facilities are not interdependent from the standpoint of operational relationship or physical connection. This basis for Wellcraft's position is tempered by recent observations of the FDEP Southwest District office to the effect that molds used in Plant 1 are made in Plant 6, some of the materials used in Plant 1 are occasionally obtained from Plant 6 which maintains a larger inventory of materials, and some administrative functions are performed in Plant 6 for both facilities. Regardless of these considerations, however, the primary basis for our opinion in this case is not whether the two facilities are interdependent, but rather the proximity of the two facilities.

Taking these various factors into account, we restate our opinion that the two Wellcraft facilities should be considered as part of the same source for PSD permitting applicability purposes. Should you agree with our opinion and should emission increases from the proposed Plant 1 modification be sufficient to trigger PSD review, we recommend that you convey to Wellcraft the following advantages of considering the two facilities as one source and of having the modification undergo PSD review:

- Should Wellcraft decide at a future date to make the two facilities in some way functionally interdependent or physically connected, the question of PSD permitting requirements will already be resolved.
- Similarly, should Wellcraft arrange in future to purchase or lease the property between the two sites, this would not trigger the need to re-visit the issue of adjacency.

- If the two facilities are treated as one source, Wellcraft will be able to credit emission reductions at one facility against future emission increases at the other. If FDEP decides to separate the two facilities for PSD permitting purposes, Wellcraft will not be allowed to use emission decreases at one facility in a netting analysis to avoid major or minor new source review permitting for a future modification at the other facility.
- Grouping the two facilities as one source and obtaining a PSD permit for the modification will avoid any future investigation by EPA after the proposed modification begins operation as to whether Wellcraft improperly circumvented PSD regulations.

If you have any questions or comments concerning this letter, please contact Jim Little at (404) 562-9118.

Sincerely,

R. Douglas Neeley, Chief
Air and Radiation Technology Branch
Air, Pesticides, and Toxics
Management Division