



State of Ohio Environmental Protection Agency

Northwest District Office

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November 14, 2008

CERTIFIED MAIL
7002 2410 0003 1155 8782

Mr. Andrew Bishop, Vice President of Operations
PSD Partners LLC
7148 State Hwy 199
Upper Sandusky, OH 43351

Re: Notice of Violation (NOV/non-HPF) for PSD Partners LLC (0388010055) based on November 5, 2008 inspection with response due by December 12, 2008

Dear Mr. Bishop:

This letter shall serve as a follow-up to the inspection conducted on November 5, 2008, of the above referenced facility by Mark Budge, Eric Getz and this writer. The purpose of this inspection was to determine the compliance status of all air contaminant sources located at the facility.

Based on our discussions, my observations during the inspection and a review of the company's files, my findings are as follows:

1. Recordkeeping- PSD Partners LLC (PSD) was issued direct final permit-to-install (PTI) 03-17248 for a new animal feed manufacturing facility on January 25, 2007. The facility consists of the following emissions units:
 - F001- truck loading;
 - P001- grinder with baghouse;
 - P002- pellet mill system no. 1 with cyclone;
 - P003- ingredient receiving (truck) with baghouse; and
 - P004- grain receiving (truck) with baghouse.

The original permit that was issued required the facility to perform daily visible emission checks on F001 and P002. In addition, the facility was required to maintain daily pressure drop readings from the baghouses serving P001, P003 and P004. After the issuance of the PTI, PSD submitted comments on February 19, 2007 that requested the PTI be reissued draft so that the use of control equipment would be enforceable as a practicable matter, in addition to a request that all monitoring and recordkeeping requirements change from a daily to a weekly reading. The modification to PTI 03-17248 was issued on March 18, 2008.

Based on our discussions during the inspection, the facility began operation in November 2007 when it started receiving grain and other ingredients. A review of the facility's records demonstrated that PSD did not start maintaining records for F001 and P001-P004 until May 12, 2008. PSD's failure to comply with the appropriate recordkeeping requirements for the emissions units at its facility is a violation of PTI 03-17248 and ORC 3704.05.

2. Reporting- In conjunction with the recordkeeping violation, PSD failed to submit quarterly deviation reports, as required by the PTI, for emissions unit P001, P003 and P004 for 4th quarter 2007 and 1st quarter 2008. In addition, semi-annual reports were not received for the second half of 2007 and the first half of 2008 for F001 and P002. PSD failed to submit quarterly and semi-annual deviation reports in accordance with PTI 03-17248 and ORC 3704.05.

It should also be noted that the 2nd quarter report that was submitted states that there was no deviations from the pressure drop ranges, presumably for P001, P003 and P004. Ohio EPA requests that PSD submit a revised 2nd quarter report to address the issue that recordkeeping for these emissions did not begin until May 12, 2008, as stated in item 1.

3. Unpaved roadways- PSD's facility is surrounded by significant unpaved roadways, including the roads and truck parking areas leading to the facility. Upon our departure from the inspection, we observed three semi-trucks driving up the unpaved stone road to the facility and observed a significant amount of fugitive emissions being generated. The original application for the facility did not address fugitive emissions from unpaved roadways. Ohio EPA requests that PSD calculate emissions from the unpaved roadways and, if necessary, submit a PTIO application.
4. Emergency fire pump- Prior to our departure, our conversation turned to the large water retention pond behind the facility where the water is to be used for fire suppression. When asked how water would be pumped to the facility's fire suppression system in the event of a fire, it was stated that there is an emergency fire pump for that job.

Under OAC rule 3745-31-03(A)(4)(b), internal combustion engines powering emergency generators, emergency fire pumps and emergency air compressors that operate at 50 horsepower (37.3 Kw) or greater can request a permit-by-rule (PBR) exemption. The facility must maintain records of the type of fuel used and twelve-month rolling hours of operation demonstrating less than 500 hours of operation. If the unit qualifies for the PBR exemption and the facility maintains the required records, then PSD can submit a request for the exemption either by submitting the necessary hardcopy information or through Air Services.

5. Common ownership between PSD and Kalmbach Feeds- During the inspection, Ohio EPA brought up the issue of whether PSD and Kalmbach Feeds should be considered as one facility for permitting purposes. After reviewing Ohio EPA's engineering guide #58 and the criteria necessary for meeting the definition of "facility" for Title V purposes, Ohio EPA has concluded that PSD and Kalmbach Feeds are two separate facilities since they operate independently from each other.
6. Permit-to-Install and Operate (PTIO) - On November 4, 2008, PSD was issued a renewal PTIO for all of the emissions units at the facility. PTIO P0103936 supersedes PTI 03-17248 and the requirements contained in that permit. While the facility is required to maintain all of the records outlined for each emissions unit, the facility will only need to submit an annual Permit Evaluation Report (PER). For PSD, the PER reporting period is January 1- December 31 and is due by February 15.

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At this time, PSD is maintaining the appropriate records for each emissions unit and reporting will be done on an annual basis. The action taken by PSD has corrected the violations and the emissions units are now being operated in compliance with the permit requirements. Please note, however, that this does not preclude the Director from seeking civil penalties pursuant to ORC section 3704.06 for these violations. The decision on whether to pursue or decline to pursue such penalties regarding this matter is dependent on several factors, one of which is the company's future compliance with applicable Ohio EPA requirements.

Ohio EPA requests that PSD submit unpaved roadway emissions calculations and a PBR request for the emergency fire pump no later than **December 12, 2008**.

I would like to thank you and Chris Armstrong for your assistance during the inspection. Should you have any questions or comments concerning this letter, please feel free to contact me at (419) 373-4112 or electronically at jennifer.jolliff@epa.state.oh.us.

Sincerely,

Jennifer L. Jolliff
Division of Air Pollution Control

/csl

cc: Don Waltermeyer, DAPC-NWDO
Tom Kalman, DAPC-CO
John Paulian, DAPC-CO
Lisa Holscher, US, EPA
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