



Montana Department of
ENVIRONMENTAL **Q**UALITY

Brian Schweitzer, Governor

P. O. Box 200901

Helena, MT 59620-0901

(406) 444-2544

Website: www.deq.mt.gov

February 9, 2009

Abbie Krebsbach
Montana-Dakota Utilities, Inc.
400 N 4th Street
Bismarck, ND 58501

Dear Ms. Krebsbach:

The Department of Environmental Quality (Department) has made its decision on the Montana Air Quality Permit application for a mercury emission limit and associated operating requirements for the tangential coal-fired boiler. The application was given permit number 0691-00. The Department's decision may be appealed to the Board of Environmental Review (Board). A request for hearing must be filed by February 24, 2009. This permit shall become final on February 25, 2009, unless the Board orders a stay on the permit.

Procedures for Appeal: Any person jointly or severally adversely affected by the final action may request a hearing before the Board. Any appeal must be filed before the final date stated above. The request for a hearing shall contain an affidavit setting forth the grounds for the request. Any hearing will be held under the provisions of the Montana Administrative Procedures Act. Submit requests for a hearing in triplicate to: Chairman, Board of Environmental Review, P.O. Box 200901, Helena, Montana 59620.

Conditions: See attached.

For the Department,

Vickie Walsh
Air Permitting Program Supervisor
Air Resources Management Bureau
(406) 444-3490

Trista Glazier
Air Quality Specialist
Air Resources Management Bureau
(406) 444-3403

VW:TG
Enclosure

DEPARTMENT OF ENVIRONMENTAL QUALITY
Permitting and Compliance Division
Air Resources Management Bureau
P.O. Box 200901, Helena, Montana 59620
(406) 444-3490

FINAL ENVIRONMENTAL ASSESSMENT (EA)

Issued To: Montana Dakota Utilities Co. Lewis and Clark Station

Air Quality Permit Number: 0691-00

Preliminary Determination Issued: 1/05/09

Department Decision Issued: 2/9/09

Permit Final:

1. *Legal Description of Site:* The Montana-Dakota facility is located in the SW 1/4 of Section 9, Township 22 N, Range 59 E in Richland County, Montana.
2. *Description of Project:* Montana-Dakota is proposing to install and operate a mercury emission control system consisting of an OAI system to be operated in conjunction with an ACI system and an MEMS.
3. *Objectives of Project:* The project will reduce current mercury emission levels to a maximum of 1.5 pounds per trillion British thermal units (lb/TBtu), calculated as a rolling 12-month average and will fulfill requirements of ARM 17.8.771 with respect to applying for a permit to include the applicable mercury emission standard and control strategy requirements.
4. *Alternatives Considered:* In addition to the proposed action, the Department also considered the “no-action” alternative. The “no-action” alternative would deny issuance of the air quality preconstruction permit to the proposed facility. However, the Department does not consider the “no-action” alternative to be appropriate because Montana-Dakota demonstrated compliance with all applicable rules and regulations as required for permit issuance. Therefore, the “no-action” alternative was eliminated from further consideration.
5. *A Listing of Mitigation, Stipulations, and Other Controls:* A list of enforceable conditions, including a mercury control technology analysis, would be included in Permit #0691-00.
6. *Regulatory Effects on Private Property:* The Department considered alternatives to the conditions imposed in this permit as part of the permit development. The Department determined that the permit conditions are reasonably necessary to ensure compliance with applicable requirements and demonstrate compliance with those requirements and do not unduly restrict private property rights.

7. The following table summarizes the potential physical and biological effects of the proposed project on the human environment. The “no-action” alternative was discussed previously.

		Major	Moderate	Minor	None	Unknown	Comments Included
A	Terrestrial and Aquatic Life and Habitats			X			Yes
B	Water Quality, Quantity, and Distribution			X			Yes
C	Geology and Soil Quality, Stability and Moisture			X			Yes
D	Vegetation Cover, Quantity, and Quality			X			Yes
E	Aesthetics			X			Yes
F	Air Quality			X			Yes
G	Unique Endangered, Fragile, or Limited Environmental Resources			X			Yes
H	Demands on Environmental Resource of Water, Air and Energy			X			Yes
I	Historical and Archaeological Sites			X			Yes
J	Cumulative and Secondary Impacts			X			Yes

SUMMARY OF COMMENTS ON POTENTIAL PHYSICAL AND BIOLOGICAL EFFECTS: The following comments have been prepared by the Department.

A. Terrestrial and Aquatic Life and Habitats

Any impacts resulting from the proposed project to terrestrial and aquatic life and habitats would be minor because all proposed activities would take place within the defined Montana-Dakota property boundary, an existing industrial site. Further, minor impact to the surrounding area from the air emissions (see Section VI of the permit analysis) would be realized due to dispersion of pollutants.

Terrestrials (such as deer, antelope, rodents, and insects) would use the general area of the facility. The area around the facility would be fenced to limit access to the facility. The fencing would likely not restrict access from all animals that frequent the area, but it may discourage some animals from entering the facility property. Therefore, any impacts to terrestrial and aquatic life and habits would have minor and typical impacts.

B. Water Quality, Quantity and Distribution

Any impacts resulting from the proposed project to water quality, quantity, and distribution would be minor because all proposed activities would take place within the defined Montana-Dakota property boundary, an existing industrial site. Further, minor impact to the surrounding area from the air emissions (see Section VI of the permit analysis) would be realized due to dispersion of pollutants.

Overall, any impacts to water quality, quantity, and distribution from Montana-Dakotas proposed permit action, would be minor.

C. Geology and Soil Quality, Stability and Moisture

Any impacts resulting from the proposed project to geology and soil quality, stability, and moisture would be minor because all proposed activities with respect to limits and practices associated with limiting mercury emissions would take place within the defined Montana-Dakota property boundary, an existing industrial site. Further, minor impact to the surrounding area from the air emissions (see Section VI of the permit analysis) would be realized due to dispersion of pollutants.

D. Vegetation Cover, Quantity, and Quality

Any impacts resulting from the proposed project to vegetation cover, quantity, and quality would be minor because all proposed activities with respect to limits and practices associated with the proposed permit action would take place within the defined Montana-Dakota property boundary, an existing industrial site. Further, minor impact to the surrounding area from the air emissions (see Section VI of the permit analysis) would be realized due to dispersion of pollutants.

E. Aesthetics

Minor impacts to the aesthetic nature of the area would result from the proposed Montana-Dakota permit action because all proposed activities would take place within the defined Montana-Dakota property boundary, an existing industrial site. Any changes in operational practices to minimize mercury emissions may be visible from locations around the Montana-Dakota site. However, the Montana-Dakota site is a previously disturbed industrial location; any aesthetic impacts would be minor and consistent with current industrial land use of the area.

Overall, any impacts to the aesthetic nature of the project area from Montana-Dakota's proposed permit action, including construction activities and normal operations resulting in air emissions and deposition of air emissions would be minor.

F. Air Quality

The air quality impacts from the current permit action would be minor because Permit #0691-00 would include conditions limiting emissions of air pollution from the source, specifically by establishing a mercury emissions limit and requiring specific mercury emission control technology.

Overall, any impacts to the air quality of the project area from Montana-Dakota's proposed permit action, including construction activities, normal operations resulting in air emissions, and deposition of air emissions would be minor and in compliance with all applicable MAAQS and NAAQS.

G. Unique Endangered, Fragile, or Limited Environmental Resources

The Department contacted the Montana Natural Heritage Program (MNHP) in an effort to identify any species of special concern associated with the proposed site location. Search results concluded there are 13 such environmental resources in the area. Area in this case is defined by the township and range of the proposed site, with an additional one-mile buffer. The species of special concern identified by MNHP include the *Sterna antillarum* (Least Tern), *Melanerpes erythrocephalus* (Red-headed Woodpecker), *Tyrannus vociferans* (Cassin's Kingbird), *Scaphirhynchus albus* (Pallid Sturgeon), *Polyodon spathula* (Paddlefish), *Macrhybopsis gelida* (Sturgeon Chub), *Machybopsis meeki* (Sicklefin Chub), *Cycleptus elongates* (Blue Sucker),

Sander Canadensis (Sauger), *Corynorhinus townsendii* (Townsend's Big-eared Bat), *Zapus hudsonius* (Meadow Jumping Mouse), *Apalone spinifera* (Spiny Softshell), and *Lobelia spicata* (Pale-spiked Lobelia).

The Montana-Dakota site has historically been used for industrial purposes. Any changes in operation associated with minimizing mercury emissions would take place within the Montana-Dakota site. Because industrial operations have been ongoing within the existing Montana-Dakota property boundary for an extended period of time (exceeding 50 years) and potential permitted emissions from Montana-Dakota show compliance with all applicable air quality standards, it is unlikely that any of these species of special concern would be affected by the proposed project. Overall, any impacts to any unique endangered, fragile, or limited environmental resources would be minor.

H. Demands on Environmental Resource of Water, Air and Energy

Demands on environmental resources of water, air, and energy would be minor. As previously discussed, the proposed permit action would establish a limit for allowable air emissions of mercury and mercury control practices.

Therefore, any impacts to air resources in the area would be minor and would be in compliance with applicable standards. Any impacts to the local air resource would be minor as demonstrated through the ambient air quality impact analysis conducted for the proposed permit modification.

Regarding impacts to the environmental resource of water, this permit action does not include any increase in the demand for water. Therefore, any impacts to the demand for water resources in the affected area associated with Montana-Dakota operations has been determined to be minor.

With respect to energy, the permit action would not change, in general, the overall amount of power used or produced.

Overall, any impacts to the demands on the environmental resources of water, air, and energy from Montana-Dakota's proposed permit action would be minor.

I. Historical and Archaeological Sites

In an effort to identify any historical and archaeological sites near the proposed project area, the Department contacted the Montana Historical Society, State Historic Preservation Office (SHPO). According to SHPO, the absence of recorded cultural/historical properties in the search locale may be due to a lack of previous inventory. SHPO indicated there was a low likelihood cultural properties would be impacted and did not feel a recommendation for a cultural resource inventory was warranted. The Department determined that due to the previous industrial disturbance in the area (the area is an active industrial site) and the small amount of land disturbance that may be required for the proposed permit action, it is unlikely that any undisturbed existing historical or cultural resource exists in the area and if these resources did exist, any impacts would be minor due to previous industrial disturbance in the area.

J. Cumulative and Secondary Impacts

Overall, any cumulative and secondary impacts from the proposed permit modification on the physical and biological resources of the human environment in the immediate area would be minor due to the fact that the predominant use of the surrounding area would not change as a

result of the proposed project. The Department believes that this facility could be expected to operate in compliance with all applicable rules and regulations as would be outlined in Permit #0691-00.

8. *The following table summarizes the potential economic and social effects of the proposed project on the human environment. The “no-action” alternative was discussed previously.*

		Major	Moderate	Minor	None	Unknown	Comments Included
A	Social Structures and Mores				X		Yes
B	Cultural Uniqueness and Diversity				X		Yes
C	Local and State Tax Base and Tax Revenue			X			Yes
D	Agricultural or Industrial Production				X		Yes
E	Human Health			X			Yes
F	Access to and Quality of Recreational and Wilderness Activities				X		Yes
G	Quantity and Distribution of Employment				X		Yes
H	Distribution of Population				X		Yes
I	Demands for Government Services			X			Yes
J	Industrial and Commercial Activity			X			Yes
K	Locally Adopted Environmental Plans and Goals				X		Yes
L	Cumulative and Secondary Impacts			X			Yes

SUMMARY OF COMMENTS ON POTENTIAL ECONOMIC AND SOCIAL EFFECTS: The following comments have been prepared by the Department.

- A. Social Structures and Mores
- B. Cultural Uniqueness and Diversity

The proposed permit modification would not cause a disruption to any native or traditional lifestyles or communities (social structures or mores) or impact the cultural uniqueness and diversity of the area because the current permit action would not change the current industrial nature of the Montana-Dakota operation or the overall industrial nature of the area of operation. The predominant use of the surrounding area would not change as a result of the current permit action. In addition, the overall industrial nature of the surrounding area, as a whole, would not be altered by the proposed Montana-Dakota permit action.

- C. Local and State Tax Base and Tax Revenue

Any impacts to the local and state tax base and tax revenue would be minor because Montana-Dakota would remain responsible for all appropriate state and county taxes imposed upon the business operation. In addition, Montana-Dakota employees would continue to add to the overall income base of the area.

- D. Agricultural or Industrial Production

The current permit action would not displace or otherwise affect any agricultural land or practices since Montana-Dakota operates on an existing industrial site.

E. Human Health

There would be minor potential effects on human health due to limiting mercury air emissions from the operation of Unit 1. In addition, Permit #0691-00 would include conditions to ensure that the facility would be operated in compliance with all applicable rules and standards. These rules and standards are designed to be protective of human health.

As detailed in Section 7.F of this EA, Montana-Dakota would comply with all applicable ambient air quality standards thereby protecting human health. Overall, the Department determined, based on the ambient air impact analysis that any impact to public health would be minor.

F. Access to and Quality of Recreational and Wilderness Activities

The proposed permit action and overall Montana-Dakota operations would not affect access to any recreational or wilderness activities in the area. Montana-Dakota would continue to be located at the existing site. The area is comprised of private property with no public access and would continue in this state after issuance of the permit.

G. Quantity and Distribution of Employment

H. Distribution of Population

The current permit action would result in no impacts to the quantity and distribution of employment in the area and/or the distribution of population in the area because the project would not require any additional employees.

I. Demands for Government Services

Demands on government services from the proposed permit modification would be minor because Montana-Dakota would be required to procure the appropriate permits (including a state air quality permit) and any permits for the associated activities of the project. Further, compliance verification with those permits would also require minor services from the government.

As the Montana-Dakota site is within an existing industrial location, employee water and sewage disposal facilities would continue to be connected to existing water and sewer sources. Further, all process water needs for the facility operations would remain unchanged as a result of the current permit action. All spent water (waste-water) would continue to be discharged to an evaporation pond to be located on site and would therefore not require the use of any county or state services, including permitting. Overall, any demands on government services resulting from the proposed permit modification would be minor.

J. Industrial and Commercial Activity

The current permit action would change various aspects of the previous Montana-Dakota operations, specifically related to minimizing mercury emissions associated with the operation of Unit 1, but would not result in an overall change in facility purpose; therefore, the proposed permit modification would not impact any industrial or commercial activity in the area.

K. Locally Adopted Environmental Plans and Goals

The current permit action would not contribute to the nonattainment status of any surrounding area. The Department is unaware of any other locally adopted Environmental plans or goals. The state air quality standards would protect air quality at the proposed site and the environment surrounding the site.

L. Cumulative and Secondary Impacts

Overall, cumulative and secondary impacts from the proposed permit modification on the economic and social resources of the human environment in the immediate area would be minor due to the fact that the predominant use of the surrounding area would not change as a result of the proposed project. The Department believes that this facility could be expected to operate in compliance with all applicable rules and regulations as would be outlined in Permit #0691-00.

Recommendation: No Environmental Impact Statement (EIS) is required.

If an EIS is not required, explain why the EA is an appropriate level of analysis: The current permitting action establishes a mercury emission limit and associated operating requirements for the boiler in order to comply with ARM 17.8.771. Permit #0691-00 includes conditions and limitations to ensure the facility will operate in compliance with all applicable rules and regulations. In addition, there are no significant impacts associated with this proposal.

Other groups or agencies contacted or which may have overlapping jurisdiction: Montana Historical Society – State Historic Preservation Office, Natural Resource Information System – Montana Natural Heritage Program

Individuals or groups contributing to this EA: Department of Environmental Quality – Air Resources Management Bureau, Montana Historical Society – State Historic Preservation Office, Natural Resource Information System – Montana Natural Heritage Program

EA prepared by: Trista Glazier
Date: December 29, 2008