Montana Department of
ENVIRONMENTAL QUALITY
Brian Schweitzer, Governor
P. O. Box 200901 Helena, MT 59620-0901 (406) 444-2544 Website: www.deq.mt.gov

March 2, 2010

Mr. Dan Dunlap
Rocky Mountain Power, LLC
Hardin Generating Station
2575 Park Lane, Suite 200
Lafayette, CO 80026

Dear Mr. Dunlap:

Montana Air Quality Permit #3185-06 is deemed final as of March 2, 2010, by the Department of Environmental Quality (Department). This permit is for Rocky Mountain Power, LLC – Hardin Generating Station Coal Fired Steam Electric Generation facility. All conditions of the Department's Decision remain the same. Enclosed is a copy of your permit with the final date indicated.

For the Department,

Vickie Walsh
Air Permitting Program Supervisor
Air Resources Management Bureau
(406) 444-9741

Paul Skubinna
Environmental Engineer
Air Resources Management Bureau
(406) 444-6711

VW:PS
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: Rocky Mountain Power, LLC.
Hardin Generating Station
2575 Park Lane, Suite 200
Lafayette, CO 80026

Air Quality Permit Number: 3185-06

Preliminary Determination Issued: January 22, 2010
Department Decision Issued: February 12, 2010
Permit Final: March 2, 2010

1. *Legal Description of Site*: The facility is located in the Northwest ¼ of Section 12, Township 1 South, Range 33 East, in Big Horn County, Montana.

2. *Description of Project*: RMP operates a pulverized coal fired steam electric power generation facility known as the Hardin Generating Station, located near Hardin Montana. The proposed action is to modify the averaging period of BACT-based CO limit and corresponding testing and compliance demonstration for CO in existing MAQP # 3185-05. The proposed project would not result in an annual emission increase of CO or any other pollutant.

3. *Objectives of Project*: The objectives of the project are to revise the duration of the averaging period for CO emission limit from an hourly to a 30-day rolling average.

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 RMP demonstrated compliance with all applicable rules and regulations as required for MAQP 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 BACT analysis, would be included in MAQP #3185-06.

6. *Regulatory Effects on Private Property*: The Department considered alternatives to the conditions imposed in this MAQP as part of the MAQP development. The Department determined that the MAQP 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				✓		Yes
B	Water Quality, Quantity, and Distribution				✓		Yes
C	Geology and Soil Quality, Stability and Moisture				✓		Yes
D	Vegetation Cover, Quantity, and Quality				✓		Yes
E	Aesthetics				✓		Yes
F	Air Quality			✓			Yes
G	Unique Endangered, Fragile, or Limited Environmental Resources				✓		Yes
H	Demands on Environmental Resource of Water, Air and Energy				✓		Yes
I	Historical and Archaeological Sites				✓		Yes
J	Cumulative and Secondary Impacts			✓			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

There would be no impacts to terrestrial and aquatic life or habitats because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

B. Water Quality, Quantity and Distribution

There would be no impacts to water quality, quantity or distribution because, neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

C. Geology and Soil Quality, Stability and Moisture

There would be no impact to the geology or soil quality, stability and moisture because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

D. Vegetation Cover, Quantity, and Quality

There would be no impact to vegetation cover, quantity or quality because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

E. Aesthetics

There would be no impacts to the aesthetics because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

F. Air Quality

The proposed project would allow for possible short term increases in CO emissions from the PC-Boiler, which may have minor local impacts; however, the net annual emissions of allowable CO emissions would not increase. The Department has determined based on ambient air quality modeling that the proposed permit modification will not cause or contribute to an exceedence of applicable National or Montana Ambient Air Quality Standards.

G. Unique Endangered, Fragile, or Limited Environmental Resources

There would be no impacts to unique, endangered or fragile environmental resources in the area because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

In addition, the proposed project would have no impact on limited, non-renewable resources because the amount of coal and natural gas required by the facility would not change from previously analyzed levels.

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

There would be no impact to demands on environmental resources of water, air and energy because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

I. Historical and Archaeological Sites

There would be no impacts on historical and archaeological sites because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

J. Cumulative and Secondary Impacts

Overall, the cumulative impacts from the proposed project on the physical and biological aspects of the human environment would be minor. No new construction would be required for the project and no significant increase in air emissions would result from the project.

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				✓		Yes
B	Cultural Uniqueness and Diversity				✓		Yes
C	Local and State Tax Base and Tax Revenue				✓		Yes
D	Agricultural or Industrial Production				✓		Yes
E	Human Health				✓		Yes
F	Access to and Quality of Recreational and Wilderness Activities				✓		Yes
G	Quantity and Distribution of Employment				✓		Yes
H	Distribution of Population				✓		Yes
I	Demands for Government Services			✓			Yes
J	Industrial and Commercial Activity				✓		Yes
K	Locally Adopted Environmental Plans and Goals				✓		Yes
L	Cumulative and Secondary Impacts				✓		Yes

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

A. Social Structures and Mores

The proposed project at the existing RMP facility would not cause a disruption to any native or traditional lifestyles or communities (social structures or mores) because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

B. Cultural Uniqueness and Diversity

The proposed project would not cause a change in the cultural uniqueness and diversity of the area because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

C. Local and State Tax Base and Tax Revenue

The proposed project would have no effect on the state tax base and tax revenue because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

D. Agricultural or Industrial Production

The proposed project would have no effect on the agricultural or industrial production because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

E. Human Health

The proposed project would have no effect on human health because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

F. Access to and Quality of Recreational and Wilderness Activities

The proposed project would result in no impact to the access to and quality of recreational and wilderness activities because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

G. Quantity and Distribution of Employment

There would be no effect on the employment of the area from the proposed project because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

H. Distribution of Population

The proposed project would have no effect on the normal population distribution in the area because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

I. Demands for Government Services

Demands on government services from the proposed project would be minor because acquisition of the MAQP and compliance verification with the MAQP as well as any other state issued permits would require minor government services.

J. Industrial and Commercial Activity

The proposed project would represent no change in industrial activity in the area because neither the facility foot-print, methods of operation, physical characteristics, nor a net annual change in emissions or discharges from the facility would occur as a result of the project.

K. Locally Adopted Environmental Plans and Goals

The nearest nonattainment areas with respect to air quality are the Laurel SO_2 Nonattainment Area and associated SO_2 state implementation plan area (including Billings, approximately 45 miles to the west) and the Lame Deer PM_{10} Nonattainment Area (approximately 46 miles to the east). Based on the negligible changes to in air quality from the proposed project would not significantly impact either of those nonattainment areas and therefore, would have no effect on any locally adopted environmental goals and plans associated with those two areas.

The Department is unaware of any other locally adopted environmental plans and goals that would be affected by the proposed project at the RMP facility.

L. Cumulative and Secondary Impacts

Overall, the cumulative and secondary impacts from the proposed project on the social and economic aspects of the human environment would be minor because the project would occur on the previously permitted RMP site, would not affect cultural and social values, recreational opportunities, or human health, would require minimal government resources, and would not increase employment above what was previously associated with the RMP facility.

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 is for a modification at the existing RMP facility. MAQP #3185-06 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, Montana Department of Revenue

Individuals or groups contributing to this EA: Department of Environmental Quality (Air Resources Management Bureau; Waste and Underground Tank Management Bureau; and Water Protection Bureau), Montana Historical Society – State Historic Preservation Office; Natural Resource Information System - Montana Natural Heritage Program; Department of Revenue

EA prepared by: Paul Skubinna
Date: January 8, 2010