Montana Department of
ENVIRONMENTAL QUALITY
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May 14, 2012

Joe O'Rourke
F. H. Stoltze Land & Lumber Co.
P.O Box 1429
600 Half Moon Road
Columbia Falls, MT 59912

Mr. O'Rourke

Montana Air Quality Permit #2934-01 is deemed final as of May 4, 2012, by the Department of Environmental Quality (Department). This permit is for the F.H. Stoltze Land & Lumber Co, lumber mill located in Columbia Falls, MT. 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,

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Air Permitting Program Supervisor
Air Resources Management Bureau
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VW:SC
Enclosures

DEPARTMENT OF ENVIRONMENTAL QUALITY
Permitting and Compliance Division
Air Resources Management Bureau
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FINAL ENVIRONMENTAL ASSESSMENT (EA)

Issued To: F. H. Stoltze Land & Lumber Co.
P.O. Box 1429
600 Half Moon Road
Columbia Falls, MT 59912

Montana Air Quality Permit Number (MAQP): 2934-01

Preliminary Determination Issued: March 14, 2012
Department Decision Issued: April 19, 2012
Permit Final: May 04, 2012

1. *Legal Description of Site*: Stoltze's lumber mill is located in the SE ¼ of Section 2, Township 30 North, Range 21 West, Flathead County, in Columbia Falls, Montana.

2. *Description of Project*: Stoltze proposed to replace the existing five (5) grandfathered boilers listed in MAQP # 2934-00 with a 2012, Wellons, wood-fired boiler (Model 1DS1C9.0A) with a maximum steam production of 40,000 pounds per hour (lb/hr) (or up to 70 million British thermal units per hour (MMBtu/hr)) that would be equipped with multi-cyclones followed by an electrostatic precipitator (ESP). The installation of the Wellons boiler would include updating all the fuel handling equipment, a cooling, and a 2.5 megawatt steam generator. An (up to) 800 horsepower (hp) Tier II emergency diesel generator would be installed as part of this project. The rest of the facility would remain unchanged with this boiler replacement.

3. *Objectives of Project*: Stoltze requested to construct, operate and maintain a new combined heat and power biomass fuel-fired boiler that will produce approximately 40,000 lb/hr of steam. The new boiler will replace 5 existing grandfathered boilers. The new boiler would generate steam, and power a 2.5 megawatt electric power generation turbine and provide steam to Stoltze's existing lumber manufacturing facility.

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 Stoltze 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 BACT analysis, would be included in MAQP #2934-01.

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

This permitting action would have a minor effect on terrestrial and aquatic life and habitats in the project area. There would be a minor increase in SO_2 and VOC air emissions from the facility which could increase the deposition of pollutants within the terrestrial and aquatic life habitats. The Department has determined that any impacts would be minor due to the dispersion characteristics of the pollutants, the atmosphere, and conditions that would be placed in MAQP #2934-01.

B. Water Quality, Quantity and Distribution

This project would have a minor effect on the water quality, quantity, and distribution due to the use of water for fugitive dust suppression. Water would be required for fugitive dust suppression in the surface activities. Typical application of water spray for dust suppression results in the water being evaporated to the atmosphere shortly after its application. Therefore, any effects to the water quality, quantity, and distribution would be minor.

C. Geology and Soil Quality, Stability and Moisture

The project would have no effect on the geology and soil quality, stability, and moisture from the replacement of the boilers. The soil would be disturbed during the construction activities, but the impacts would be temporary. The impacts from emissions or deposition of pollutants would be minor due to dispersion characteristics of the pollutants, the atmosphere, and the conditions that would be placed in MAQP #2934-01.

D. Vegetation Cover, Quantity, and Quality

The project would have a minor affect on the local vegetation. The impacts from emissions or deposition of pollutants would be minor due to dispersion characteristics of the pollutants, the atmosphere, and the conditions that would be placed in MAQP #2934-01.

E. Aesthetics

The proposed project would have a minor effect on the local aesthetics. There will be additional equipment added, as well as removed, from the worksite. There would be potential visual emissions associated with the proposed boiler replacement. However, conditions would be placed in MAQP #2934-01 to limit visible emissions. Therefore, the Department determined there would be minor effects on aesthetics.

F. Air Quality

The air quality classification of the area surrounding the facility is "Unclassifiable/Attainment" for all air quality criteria pollutants, 40 CFR Part 81.327. The facility boundary is approximately 4.5 kilometers (km) east and 1.5 km west, respectively, of the Whitefish and Columbia Falls PM_{10} (particulate matter less than or equal to 10 microns in aerodynamic diameter) nonattainment areas. The closest Class I area is the Glacier National Park, about 14.3 km northeast of the facility. Stoltze demonstrated with ambient air modeling that the proposed new equipment would not cause or contribute to violations of the NO_2 NAAQS and MAAQS. MAQP #2934-01 would contain conditions limiting opacity and diesel generator operations and require, as necessary, the use of water, chemical dust suppressants, or water spray bars to control dust from vehicle traffic and process equipment. Compliance with all applicable permit requirements would ensure that the effects would be minor. Therefore, the Department determined there will be minor impacts associated with this project.

G. Unique Endangered, Fragile, or Limited Environmental Resources

The proposed permitting action would have a minor impact on the unique endangered, fragile, or limited environmental resources because emissions of PM_{10}, Nitrogen Oxides ($NO_{x)}$, Carbon Monoxide (CO), would decrease, whiles SO_2 and VOC would slightly increase in the area from the operation of the new equipment. However, the Department believes that any impacts would be minor due to the relatively small amount of the above listed pollutants emitted, dispersion characteristics of the pollutants and the atmosphere, and conditions placed in MAQP #2934-01, including, but not limited to, BACT requirements discussed in Section V of the permit analysis for this permit.

Previously, during the initial permit application for the Stoltze project, the Montana Natural Heritage Program (MNHP) identified occurrences of seven (7) plant and animal species of concern within the vicinity of the proposed project location. Because most of the emissions at the facility are decreasing and the project would be to replace existing boilers at an existing industrial facility. Minor, if any, impacts would be expected.

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

The current permitting action would have a minor impact on the environmental resources of water, air, and energy. Water would be required for fugitive dust suppression. Line power is available at the site. The facility would be producing power for sale on the open market. Therefore, the Department determined there will be minor impacts associated with this project.

I. Historical and Archaeological Sites

The proposed project would involve the disturbance of 76 acres. The Department contacted the Montana Historical Society, State Historical Preservation Office (SHPO) in an effort to identify any historical and archaeological sites that may be present in the area of operation. Search results concluded that there is one previously recorded sites near the designated project area. The proposed site is within the existing facility boundary and no new areas will be developed, thus no disturbance of Historical or Archaeological sites would be expected.

J. Cumulative and Secondary Impacts

Overall, the cumulative and secondary impacts from this project on the physical and biological environment in the immediate area would be minor because this permitting action would replace equipment at an existing facility. The Department believes that this facility would be expected to operate in compliance with all applicable rules and regulations as outlined in MAQP #2934-01. Stoltze demonstrated through an ambient air modeling analysis that the potential emissions expected from operating the facility at its maximum throughput on a continuous basis would not violate ambient air quality standards. Therefore, the MAQP is written to reflect the expected emissions from operating continuously at the maximum rate.

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 current permitting action would have no impact on the social structures and mores and cultural diversity and uniqueness because the action replaces equipment at an existing facility. There would be no change to the nature of the operations due to this permitting action.

C. Local and State Tax Base and Tax Revenue

The project would have a minor effect on the local and state tax base and revenue due to the taxes generated from the sale of electricity. There are no planned increases in employees associated with this project.

D. Agricultural or Industrial Production

Industrial production would remain the same for the proposed project. This is an existing facility and will not use any agricultural land for the project. Therefore, the Department determined there will be minor impacts associated with this project.

E. Human Health

There would be minor if any effects on human health due to the slight increase in emissions of air pollutants. However, MAQP #2934-01 would incorporate 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. Stoltze has demonstrated with ambient air modeling that emissions from the proposed project would not violate any ambient air quality standards which are protective of human health.

F. Access to and Quality of Recreational and Wilderness Activities

The project would not have an impact to the access to recreational and wilderness activities because no road closures would occur and the site would be located on private property.

G. Quantity and Distribution of Employment
H. Distribution of Population

The project would not have an impact on the quantity and distribution of employment or population because no new employees are expected to be hired and there are no plans to house workers onsite. Therefore, the Department determined there will be minor impacts associated with this project.

I. Demands for Government Services

Government services would be required for acquiring the appropriate permits from government agencies. In addition, the permitted source of emissions would be subject to periodic inspections by government personnel. The project would use existing roads to access the site. Demands for government services would be minor.

J. Industrial and Commercial Activity

The project would have a minor impact on industrial and commercial activity from the increase in production at the facility.

K. Locally Adopted Environmental Plans and Goals

The Department is not aware of any locally adopted environmental plans or goals. The state standards would protect the proposed site and the environment surrounding the site. The proposed project location is outside of the Columbia Falls PM_{10} nonattainment area and no effects to the nonattainment area are expected from this project.

L. Cumulative and Secondary Impacts

Overall, cumulative and secondary impacts from this project would result in minor impacts to the economic and social environment in the immediate area. As previously stated, the proposed project would result in no increase in industrial process in the area. The Department believes that Stoltze would be expected to operate in compliance with all applicable rules and regulations as outlined in MAQP #2934-01.

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

If an EIS is not required, explain why the EA is an appropriate level of analysis: MAQP #2934-01 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: Stephen Coe
Date: 04/19/2012