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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

MEMORANDUM

DATE: June 30, 1981

SUBJECT: PSD Definition of Source

FROM: Director
Division of Stationary Source Enforcement

TO: Steve Rothblatt, Chief
Air Programs Branch, Region V

This is to respond to your memo of June 8, 1981, in which you requested a determination of whether two General Motors facilities, located in Lansing, Michigan, should be considered one "source" as that term is applied under PSD review. Specifically, the two facilities are approximately one mile apart, have a dedicated railroad line between them and are programmed together to produce one line of automobiles.

The PSD regulations define stationary source as any building, structure, facility or installation which emits or may emit any pollutant regulated under the Clean Air Act. The regulations go on to define "building, structure, facility or installation" as:

all of the pollutant-emitting activities which belong to the same industrial grouping, are located on one or more contiguous or adjacent properties, and are under the control of the same person (or persons under common control). Pollutant-emitting activities shall be considered as part of the same industrial grouping if they belong to the same "Major Group" (i.e., which have the same first two digit code) as described in the Standard Industrial Classification Manual, 1972, as amended by the 1977 Supplement (U. S. Government Printing Office stock number 4101-0066 and 003-005-00176-0, respectively) (40 CFR 52.21 (b) (6)).

The two General Motors facilities without question meet the criteria of common ownership and same industrial grouping. The remaining test is one of adjacency. Based on the unique set-up of these facilities as described above and previous EPA determinations, (see attached) this office agrees that the two facilities can be considered adjacent, and therefore, may be treated as one source for the purpose of PSD review.

Since the two segments of the source are located in a non-attainment area, I would like to emphasize that the use of this determination is contingent upon the adoption of the PSD definition of "source" for non-attainment review.

If you have any questions regarding this determination, please contact Janet Farella of my staff at 755-2564.

Edward E. Reich

cc: Peter Wyckoff (OGC)
Mike Trutna (OAQPS)

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

DATE: JUN 8, 1981

SUBJECT: Defining Two Separate Plants as One Source

FROM: Steve Rothblatt, Chief
Air Programs Branch

TO: Edward E. Reich, Director
Stationary Source Enforcement Division, (E341)

Region V has been asked by the State of Michigan and the General Motors Corporation to make a determination as to whether or not two plants on different sites constitute a single source. The purpose of this memo is to describe the circumstances related to this request and seek your counsel before we respond to the State and GM. We request your recommendation on our tentative position by June 12, 1981 at which time we will be responding to the State.

During the assembly of some vehicles in Lansing, Michigan, auto bodies are made in the Fisher Body plant and then are transported by truck to an Oldsmobile plant one mile away. At the Olds plant the bodies are placed on frames and the fenders and hoods are attached. At the present time the bodies are painted at the first location and the fenders and hoods are painted at the second location. GM is proposing to move the painting operations to one of the locations.

Under the present definition of source in nonattainment areas, GM would have to meet the Part D new source review requirements. However, under the March 12, 1981 proposed definition of source, the curtailment of painting at one place in a source could be used to offset additional painting elsewhere in the source and thus the source would avoid the Federal new source review requirements. The issue of concern for GM is whether or not these two plants which are separated by approximately 4,500 feet can be considered as one source.

Our investigation has revealed that both plants come under the same SIC code. Additionally, the two plants are the only facilities served by a special spur of the C&O Railroad for raw material delivery and in the future the spur will be used to move unpainted parts from one plant to another when the painting is done at one location. Furthermore, at other locations in the State where vehicles are assembled in this two step body/frame fashion, the two plants are under one roof or are connected by a conveyor for transporting the bodies.

It is our opinion that these Lansing plants are functionally equivalent to a source and that U.S. EPA has the flexibility to arrive at that conclusion. The Federal Register of August 7, 1980 on page 52695 states the following when discussing proximity of PSD activities "EPA is unable to say precisely at this point how far apart activities must be in order to be treated separately. The Agency can answer that question only through case-by-case determinations." With the distance between the two plants less than one mile and the plants being connected by a railroad used only for GM, we believe that the plants meet the requirement of being adjacent and therefore can be considered one source.

Such an interpretation appears to be consistent with U.S. EPA's position which appears in the March Federal Register on page 16281. This position as stated, when supporting the change in "source" definition, is "even outside of these 'construction moratorium' areas under the present regulatory scheme, the

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August 7 definition can act as a disincentive to new investment and modernization by discouraging modifications to existing facilities."

We have concluded that should the March 12, 1981 proposed definition of source become final, the State under the existing SIP though a variance from the Commission will be able to issue a State permit to GM. The State will also require a phased in LAER by 1986. Thus, the environmental costs of this interpretation will be negligible.

Please contact Ronald J. Van Mersbergen at FTS 886-6056 for further information.

cc: E. Smith
M. Trutna