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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IV

345 COURTLAND STREET
ATLANTA, GEORGIA 30365

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REF: 4AW-AM

AIR QUALITY

Mr. W. Fin Johnson, Chief
Air Quality Section
Division of Environmental Management
North Carolina Dept. of Natural Resources &
Community Development
P.O. Box 27687
Raleigh, North Carolina 27611

Dear Mr. Johnson:

During February 29 - March 1, 1984, this office conducted a PSD workshop for all Region IV states. During the workshop, a question arose concerning the use of the significance levels for air quality impact as outlined in Section III.A. of 40 CFR 51, Appendix S. The point was made that the significance levels could be used in determining whether a new source impacts an existing National Ambient Air Quality Standard (NAAQS) or increment violation, but seemingly could not be used in cases where the impact of the new source is the first incremental impact which carries the total air quality above the increment or standard.

After a thorough review of the PSD and new source review regulations, we have concluded that the significance levels apply to all situations, even if the source under review is the one source which causes the air quality to exceed the standard or increment. On May 13, 1980, EPA promulgated requirements for new source review of sources located in attainment or unclassifiable areas but causing or contributing to NAAQS violations (40 CFR 51.18(k)). That regulation clearly references the significance levels. The preamble to the promulgation is even more clear, stating that the required program applies "to all sources causing or contributing to a violation of a standard, under the criteria used by section III.A. of the Offset Ruling."

Thus, a proposed source which causes a modelled violation of NAAQS can be approved if the source's contribution to total air quality levels at the site of the violation is less than the significance levels. Put another way, the impact of the source is simply not analyzed beyond the point of significant impact, so no violation is considered to exist using this procedure. For example, if the existing TSP air quality in an area is 148 ug/cubic meter 24-hour average, and a proposed new source would add 3 ug/cubic meter, for a total of 151 ug/cubic meter, the source may be approved.

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With respect to PSD increments, the Preamble to the June 18, 1978, PSD regulations (43FR26398) ties the significance levels to PSD modelling without making a distinction between new and existing increment exceedances. Absent any such distinction, the significance levels should be used for PSD preconstruction review in the same way they are used for NAAQS review, as discussed above. The only exception, also discussed in the Preamble, is for impact on Class I areas, for which the significance levels are not to be

used.

If you have any questions about this letter, please call Roger Pfaff at 404/881-7654.

Sincerely yours,

James T. Wilburn, Chief
Air Management Branch
Air and Waste Management Division