

FINAL TITLE V OPERATING PERMIT

Permit Number: NSAQMD-CP-01

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| PLANT SITE LOCATION Collins Pine Company 500 Main St. Chester, CA 96020 | APPLICANT: Collins Pine Company P. O. Box 796 Chester, CA 96118 |
| Issued By: Gretchen Bennitt, APCO Northern Sierra Air Quality Management District | |

Effective: May 14, 2014

Expiration: May 14, 2019

Nature of Business: Lumber Manufacturing, Power Generation

SIC Code: 2421

Responsible Official

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Collins Pine Company

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A. FACILITY DESCRIPTION AND EQUIPMENT LIST

Collins Pine Company (Collins Pine) operates a wood products manufacturing and co-generation electricity generating facility. The facility includes a 12 MW cogeneration unit fired by a wood waste boiler that produces a maximum of 140,000 lbs/hr steam for a maximum of 8592 hours per year. The facility also includes multiclone dust collector, a wet electrostatic precipitator (ESP), ash handling equipment, cyclone, a fuel drying kiln continuous emission monitoring system (CEMS), a 78” diameter stack, various fans and a cooling tower.

Equipment Listing

| Source Permit Number | Description | Capacity | Control |
|--------------------------------|---|---|--|
| Keeler/Dorr-Oliver 94-30-01 | Wood-fired boiler equipped with multiclone and ESP. | 242.3 mmbtu/hr combustor producing 140,000 lbs/hr steam | Multiclone, 2-Field Wet Electrostatic Precipitator |
| Cyclone 90-30-02 | Dust control associated with low pressure mill equipped with shaving bin. | 13’ 6” with 300 hp fan | N/A |

Exempt Equipment

| Source | Description | Capacity | Basis |
|---------------|---|----------|----------|
| Dry Kilns | Steam drying chambers for lumber | N/A | Rule 502 |
| Cooling Tower | Cooling tower for coiling steam turbine condenser water | N/A | Rule 502 |

Insignificant Activities

The following types of activities are exempted from the Title V permit requirements per EPA's Guidelines of Trivial Activities.

1. Plant maintenance and upkeep activities, such as painting.
2. Repair and maintenance shop activities not related to the source's primary business activities.
3. Motor vehicle and warehouse forklift combustion emissions from propulsion of mobile sources.
4. Portable or emergency electric generators, portable steam cleaners, and water heaters/steam cleaners units.
5. Unheated cleaning equipment, office janitorial activities and equipment, the consumer use of janitorial products, and consumer use of office equipment and products.

B. EMISSION LIMITS

Keeler/Dorr-Oliver Boiler (District Permit # 94-30-01)

Emissions from the co-generation boiler shall not exceed the quantities for specified pollutants:

| Pollutant | Hourly Emission Rate | Annual Emission Rate | Notes |
|-----------------------------------|--|----------------------|-------|
| Total Particulate Matter (PM) | 14.9 lbs/hr (8-hr avg) | 63.1 tons/year | 1, 2 |
| Nitrogen Oxides (NOx) | 55 lbs/hour (8-hr. avg) | 223 tons/year | - |
| Sulfur Dioxide (SO ₂) | 2.57 lbs/hour (8-hr avg) | 9.9 tons/year | - |
| Volatile Organic Compounds (VOCs) | 33 lbs/hr (8-hr avg) | 65 tons/year | 1 |
| Carbon Monoxide (CO) | 220 lbs/hr (8-hr avg) | 890. tons/year | 1 |
| Opacity | Less than 20% for any 3 min. in any 60 minute period | Not Applicable | 3 |

NOTES

1. The PM, NOx, opacity and CO limits shall not apply during periods of startup, shutdown or upset.
2. The PM limits shall not apply during periods of startup, not to exceed eight hours. During startups that include refractory curing the PM limits shall not apply during the first twenty-four hours of startup. Refractory curing will be allowed twice a year for the first three years of operation, then once per year thereafter.
3. Less than 20% (1.0 on the Ringelmann Scale) except for a period or periods aggregating not more than three minutes in any one hour period, or a period or periods aggregating not more than thirty minutes in any twenty-four hour period during boiler startup or shutdown.

Misc. Cyclone (District Permit # 90-30-02)

Emissions from the cyclone shall not exceed the quantities and concentrations for specified pollutants:

| Pollutant | Permit Number | Opacity | Annual Emission Rate | Notes |
|-------------------------|--------------------------------------|---|-----------------------|-------|
| Particulate Matter (PM) | 90-30-02 (Low Pressure Mill Cyclone) | Max. 20% for any 3 min. in any 60 minute period | 23.5 tons/year of TSP | |
| | | | | |

C. OPERATING LIMITS AND CONDITIONS

| Equipment | Parameter | Limit or Constraint | Notes |
|------------------------------|-----------------------|--|--|
| Keeler Dorr/Oliver Boiler | Steam Production | 150,000 lbs/hour | Averaged over any 24-hour period |
| | Fuel | No. 2 Diesel for start-up or auxiliary burners Biomass Fuels: hogged wood, bark, chips; Non-chemically treated wood, including agricultural crops or residues; and yard debris with yard debris being defined to include grass, grass clippings, tree needles, tree cones, bushes, shrubs, trees, and prunings derived from residential, commercial/retail and institutional sources. | APCO approval required for other fuels |
| | Ash | Use of water sprays, enclosures or other methods to mitigate visible fugitive dust No open air storage unless water sprays are used are used to prevent visible dust emissions | |
| | Operating Schedule | 8,592 hours per year | |
| Cyclone | Operating Schedule | 8,592 hours per year | |

Additional Conditions

1. All equipment to be operated with air pollution control equipment in operation.
2. Mitigate visible fugitive dust from all material handling and storage areas, such as ash silos, chip bins.
3. All air pollution control equipment to be maintained and kept in good working order as per manufacturer's recommendations.

D. MONITORING

Keeler / Dorr-Oliver Boiler

D-1 Collins Pine shall maintain and operate the following continuous monitoring systems in the boiler exhaust stack:

a. A continuous monitoring system to measure stack gas NO_x, CO and CO₂ concentrations.

The system shall meet EPA monitoring performance specifications (40 CFR 60.13 and 40 CFR 60, Appendix B, Performance Specifications 2, 3, and 4).

b. A continuous monitoring system to measure stack gas volumetric flow rates.

The system shall meet EPA performance specifications (40 CFR Part 52, Appendix E).

Origin: PSD Permit No. SAC 84-02.

E. RECORD KEEPING AND REPORTING REQUIREMENTS

Keeler / Dorr-Oliver Boiler

E-1. Quarterly CEMS reports shall be compiled and submitted to the District within 30 days following the end of each calendar quarter. The reports shall identify CO and NO_x emissions that exceed the permit emission limits. The report shall include a summary sheet listing quarterly and year-to-year totals of operating hours under each operating scenario, including number of hours of boiler operation. Each report shall also list all exceedances of permit emission limits. Any violation of emission limits shall be reported to the District within 96 hours.

Origin: District Permit No. 94.30.01, condition 26

E-2. A report listing all equipment, including CEMS, breakdowns shall be prepared and submitted to the District Quarterly.

Origin: District Permit No. 94-30-01, condition 26

E-3. An annual report listing steam production (tons/year), total hours of boiler operation, type and amount of waste fuel used shall be submitted to the District within 30 days after at the end of each calendar year.

Origin: Permit No. 94-30-01, condition 26(D).

F. TESTING

Keeler / Dorr-Oliver Boiler

F-1. Annually or at such other times specified by the EPA, a source test shall be performed on the ESP stack.

- a. The wood-waste fuel type for the test shall be representative of normal operating conditions.
- b. In addition, the following conditions apply:
 - i. results must provide mass emissions rates in pounds per hour, and lbs/MM BTU.
 - ii. The source test report shall state the composition in percentages of wood-waste species fired in the title page and introduction.
- c. Performance tests for NO_x, CO, VOC, PM-10, SO₂ and opacity shall be conducted and the results reported in accordance with the test methods set forth in 40 CFR 60, Part 60.8 and Appendix A.
- d. to determine concentrations and mass emissions of non-condensable particulate, nitrogen oxides, carbon monoxide, and volatile organic compounds, the following test methods shall be used:
 - i. Performance tests for emissions of NO_x shall be conducted using EPA Methods 1-4 and 7.
 - ii. Performance tests for emissions of CO shall be conducted using EPA Methods 1-4 and 10.
 - iii. Performance tests for emissions of PM-10 shall be conducted using EPA Methods 1-4 and Method 5 from Appendix A.
 - iv. Performance tests for emissions of VOC shall be conducted using EPA Method 25A.
 - v. Performance tests for opacity shall be conducted using EPA Method 9.

Alternative equivalent methods may be used with prior written approval from the District and EPA.

Origin: District Permit No.94-30-01 Condition 27.

F-2. The source test shall include a CEMS performance evaluation per 40 CFR Part 60, § 60.13, and 40 CFR Part 60, Appendix B, Performance Specifications 2, 3, 4 and 6.

Origin: District Permit No.94-30-01 Condition 25

F-3. The test shall be conducted with the boiler operating between 90 and 100% of the maximum allowable steam production rate.

An alternative steam production rate for the source test may be approved by the APCO providing that the source requests the alternative rate in writing at least 30 days prior to the next scheduled source test, as part of the source test protocol.

The alternative steam production rate must be at least 90% of the maximum steam production rate that was achieved during the last two years. Documentation of the maximum stream rate must be provided with the written request for the alternative steam production rate.

The maximum allowable steam production rate may be modified as a result of the compliance test if the extrapolation of the measured emission rates indicates an emission limit violation may occur at the permitted allowable steam rate.

Origin: District Permit No.94-30-01 condition 27

F-4. Collins Pine shall submit a source test plan and protocol to the Air Pollution Control Officer and EPA Administrator for approval at least 30 days before the source test is to be performed.

Origin: District Permit No. 94-30-1, condition 27

G. STANDARD OPERATIONAL CONDITIONS

G-1. All air pollution control devices required in permits to operate shall be operated at all times that associated emitting devices are in operation.

Origin: District Permit No.94-30-01 condition 12.

G-2. All equipment, facilities and systems installed or used to achieve compliance with the terms and conditions of this Authority to Construct/Permit to Operate shall be maintained in good working order and be operated as efficiently as possible, so as to minimize air pollutant emissions. Manufacturers' recommended maintenance procedures shall be adhered to at all times. Collins Pine Industries shall develop a maintenance program for equipment listed herein to preclude a violation of the California Health and Safety Code and District Rules and Regulations.

Origin: District Permit No.94-30-01 condition 13.

G-3. The operator shall notify the District of any occurrence which constitutes a malfunction or breakdown of equipment resulting in excessive emissions as defined in District Rule 516.

Such notification shall be provided by telephone communication within 2 hours of the occurrence during normal business hours, or within the first two hours of the next District business day, if otherwise.

In no event shall Collins Pine allow the equipment to operate in a malfunctioning state for more than 48 hours unless an emergency variance has been granted.

The shutdown or non-operable status of permitted control devices, including monitoring and control subsystems, shall be subject to breakdown reporting.

Origin: District Permit No.94-30-01 condition 14.

G-4. Visible emissions from ANY AND ALL emission points will be limited to 20% opacity or less, per District Rule 202, for a period or periods aggregating more than three (3) minutes in any one (1) hour.

Origin: District Permit No.94-30-01, condition 22; District Permit 90-30-02 condition 15.

G-5. The operator shall not discharge from any source whatsoever such quantities of air contaminants or other materials which cause injury, detriment, nuisance or annoyance to any considerable number of persons, or to the public, or which cause to have a natural tendency to cause injury or damage to business or property, per District Rule 205, Nuisance.

Origin: District Permit No.94-30-01 condition 16

G-6. In the event of any violation of District Rules and Regulations, Collins Pine shall cease operation of violating equipment or take action to end such violation, pursuant to all the requirements of District Rule 516. Upset and Breakdown Conditions, if applicable.

Origin: District Permit No.94-30-01 condition 17

G-7. Operation of this equipment must be conducted in compliance with all data and specifications, limited to the maximum rates and schedules of operation, and the specified process materials of approved plans and specifications, submitted with the application under which this Title V permit to operate is issued, unless otherwise prescribed by conditions. Any operation of equipment or discharge of emissions to the atmosphere not identified by application submittals made to the District or exceeding the limits of the operation pursuant to which this Title V permit to operate is granted, shall be deemed a violation.

Origin: District Permit No.94-30-01 condition 18

G-8. Initial operation of the permitted equipment shall not commence without prior notification of the District.

Origin: District Permit No. 94-30-01, condition 19

G-9. Exceeding any emission limit or production rate established by this Title V permit to operate is prohibited without prior application for, and the subsequent granting of, a permit modification pursuant to District Rule 505 - Conditional Approval, unless specifically allowed by a granted variance, or due to an upset, breakdown, or scheduled maintenance per District Rule 516.

Origin: District Permit No.94-30-01 condition 20

G. STANDARD OPERATIONAL CONDITIONScontinued

G-10. At all times, including periods of startup, shutdown, and malfunction, owners and operators shall, to the extent practicable, maintain and operate any affected facility including associated air pollution control equipment in a manner consistent with good air pollution control practice for minimizing emissions. Origin: 40 CFR Part 60.11(d)

H. GENERAL PERMIT CONDITIONS

H-1. This permit, or a readable reproduction, shall be posted in a conspicuous location at the facility where the permitted device is operating.

Origin: District Permit No.94-30-01 condition 1

H-2. Operating staff at the facility where this Title V permit to operate is posted shall be advised of, and be familiar with, all conditions contained in this permit.

Origin: District Permit No.94-30-01 condition 2

H-3. Operation under this Title V permit to operate is deemed acceptance of all permit conditions, as specified.

Origin: District Permit No.94-30-01 condition 3

H-4. Collins Pine shall maintain compliance at all times with all applicable District, State of California, and Federal laws, rules, regulations, and permit conditions governing air pollution. Whenever there is a conflict of District, State and/or Federal laws, rules, regulations, or permit conditions, the more stringent shall apply. Nothing in these Conditions shall be construed to allow the violation of any law or of any rule or regulation of the Northern Sierra Air Quality Management District, the State of California, or the U.S. Environmental Protection Agency by Collins Pine.

Origin: District Permit No.94-30-01 condition 4

H-5. Failure to comply with any condition of this Title V permit to operate constitutes grounds for, and may result in, revocation or suspension of this permit, either by the Air Pollution Control Officer, or the Air Pollution Control Hearing Board.

Origin: District Permit No.94-30-01 condition 5

H-6. The District reserves the right to amend this permit, in order to ensure compliance with any District, State, or Federal laws, rules, regulations, and permit conditions governing air pollution, or to abate a public nuisance.

Origin: District Permit No.94-30-04 condition 6

H-7. If any condition on this Title V permit to operate is found invalid, such finding shall not affect the validity of the remaining conditions.

Origin: District Permit No.94-30-01 condition 7, PSD Permit No. SAC 84-02. and NSAQMD Rule 522, Federal Operating Permits Program, § 6.13

H-8. The Regional Administrator, the Executive Officer of the California Air Resources Board, the APCO, or their authorized representatives, upon the presentation of credentials, shall be permitted:

- a. To enter upon the premises where the source is located or in which any records are required to be kept under the terms and conditions of this Title V permit to operate; and
- b. At reasonable times to have access to, inspect and copy any records required to be kept under the terms and conditions of this Title V permit to operate; and
- c. To inspect any equipment at the stationary source, operation, work practices, emission-related activities or method required in this Title V Permit to Operate; and
- d. To sample emissions from the source or other monitoring activities.

Origin: PSD Permit No. SAC84-02 and NSAQMD Rule 522, Federal Operating Permits Program, § 6.10

H. GENERAL PERMIT CONDITIONS.....continued

H-9. This Title V permit to operate is not transferable, either from one location to another, from one piece of equipment to another, or from one person to another, except on the written approval of the Air Pollution Control Officer.

In the event that control of this facility will be assumed by another person, company, corporation, or other entity, the District shall be notified of such transfer of control by the submittal of a written notification a minimum of thirty (30) days prior to the actual transfer date.

In the event of any changes of ownership, or control of facilities herein permitted to be operated, this Title V permit to operate shall be binding upon all subsequent owners and operators, pending District action.

The owner(s) or operator(s) shall notify the succeeding owner and operator of the existence of this Title V permit to operate and its conditions by letter, a copy of which shall be forwarded to the District and to the Regional Administrator.

Origin: District Permit No.94-30-01 condition 9

H-10. The operator(s) or owner(s) of this facility shall comply with all applicable requirements pursuant to California Health and Safety Code, Part 6, Air Toxics "Hot Spots" Information and Assessment Act of 1987 (AB 2588), Sections 44300 through 44394. The operator will collect and submit all information required for emissions from this source category. Emissions inventory data will be submitted in compliance with State requirements, guidance, and local prioritization recommendations. This inventory report shall be submitted to the District within one year of the date operations at the facility commence.

Origin: District Permit No.94-30-01 condition 10

H-11. Any new equipment additions or modifications to the facility beyond normal maintenance and repair must be reported to the Northern Sierra AQMD prior to the installation of the equipment. Such additions/modifications are subject to Authority to Construct requirements. An application for an Authority to Construct shall be filed with the District prior to a modification as defined by District Rule 102; replacement of equipment (with other than identical) for which a Permit to Operate has been granted; building, erecting, installing, or operating any equipment for which an Authority to Construct is required pursuant to California Health and Safety Code, Section 42300, and District Rule 401.

Origin: District Permit No.94-30-01 condition 11

I. FEDERAL TITLE V REQUIREMENTS

I-1. This Title V permit to operate shall become invalid five years from the time of issuance. Collins Pine shall apply for renewal of this Title V permit to operate no earlier than 18 months before the date of expiration nor later than 6 months before the date of expiration.

Origin: NSAQMD Rule 522, Federal Operating Permits Program § 6.15 and 40 CFR Part 70.5(a)(1)(ii)

I-2. Collins Pine shall remit the Title V supplemental annual fee in a timely basis. Failure of remitting fees in a timely basis shall result in the forfeiture of this Title V permit to operate. Operation without a permit subjects the source to potential enforcement action by the District and the U.S. EPA pursuant to § 502(a) of the Clean Air Act.

Origin: NSAQMD Rule 522, Federal Operating Permits Program, § 6.16

I-3. Collins Pine shall not use the "need to halt or reduce a permitted activity in order to maintain compliance" as a defense for non-compliance with any permit condition.

Origin: 40 CFR Part 70.6(a)(6)(ii)

I-4. This Title V permit to operate may be modified, revoked, reopened and reissued, or terminated for cause. The filing of a request by Collins Pine for a permit modification, revocation and re-issuance, or termination, or of a notification of planned changes or anticipated non-compliance does not stay any permit condition.

Origin: 40 CFR Part 70.6(a)(6)(i)

I-5. Collins Pine shall provide the District or EPA any written request information needed to determine:

- a. compliance with conditions contained in this Title V permit to operate, or
- b. whether cause exists for a permit or enforcement action;

within a reasonable time period.

Origin: 40 CFR Part 70.6(a)(6)(vi)

I-6. Collins Pine shall comply with the provisions of this Title V permit to operate. Any permit noncompliance constitutes a violation of the Act and is grounds for enforcement action; for permit termination, revocation and re-issuance, or modification; or for denial for a permit renewal application.

Origin: 40 CFR Part 70.6(a)(6)(iii)

I-7. This Title V permit to operate does not convey property rights or exclusive privilege of any sort.

Origin: 40 CFR Part 70.6(a)(6)(iv)

I-8. Collins Pine shall comply with the requirements of Rule 516, Upset Conditions, Breakdown and Scheduled maintenance. Within two weeks of an emergency event, an owner or operator of the source shall submit to the District a properly signed, contemporaneous log or other relevant evidence which demonstrates that:

- a. An emergency occurred;
- b. Collins Pine can identify the cause(s) of the emergency;
- c. The facility was being properly operated at the time of the emergency;
- d. All steps were taken to minimize the emissions resulting from the emergency; and
- e. Within two working days of the emergency event, Collins Pine provided the district with a description of the emergency and any mitigating or corrective actions taken;

In any enforcement proceeding, Collins Pine has the burden of proof for establishing that an emergency occurred.

Origin: NSAQMD Rule 522, Federal Operating Permits Program, § 6.12

I-9. All records of all monitoring and support information associated with any applicable federal requirement, including:

- a. date, place, and time of sampling;
- b. operating conditions at the time of sampling;
- c. date, place, and method of analysis; and
- d. results of the analysis

shall be maintained and retained for a period of at least five (5) years from the date of sample collection, measurement, report, or application.

Origin: NSAQMD Rule 522, Federal Operating Permits Program, § 6.2.a

I. FEDERAL TITLE V REQUIREMENTS.....continued

I-10. Any record keeping deemed necessary by the APCO to ensure compliance with all applicable federal requirements shall be retained for a period of at least five (5) years.

Origin: NSAQMD Rule 522, Federal Operating Permits Program, § 6.2.c

I-11. Collins Pine shall follow the compliance plan submitted with the initial Title V application.

Origin: NSAQMD Rule 522, Federal Operating Permits Program, § 6.8

I-12. Collins Pine shall report:

- a. Any deviation from permit requirements, including that attributable to upset conditions (as defined in the permit), shall be promptly reported to the APCO who will determine what constitutes "prompt" reporting in terms of the requirement, the degree, and type of deviation likely to occur;
- b. A report shall be submitted at least every six months and shall identify any deviation from permit requirements, including that previously reported to the APCO (see above);
- c. All reports of a deviation from permit requirements shall include the probable cause of the deviation and any preventative or corrective action taken; and
- d. Each report shall be accompanied by a written statement from the responsible official which certifies the truth, accuracy, and completeness of the report.

Origin: NSAQMD Rule 522 Federal Operating Permits Program, § 6.7

I-13. Should the Collins Pine become subject to requirements under 40 CFR Part 68, then SPI shall submit a risk management plan (RMP) by the date specified in 40 CFR Part 68.10. The facility shall certify compliance as part of the annual certification as required by this Title V permit to operate.

Origin: 40 CFR Part 68, Chemical Accident Prevention Provisions

I-14. Collins Pine shall provide the District with copies of Material Safety Data Sheets within five (5) days of initial on-site storage of all compounds for which MSDS's are available. Collins Pine shall provide a copy of all toxic emergency response plans developed by the operator to comply with the requirements of the Clean Air Act of 1990, section 112(r).

Origin: 40 CFR Part 68

I-15. Collins Pine shall comply with the requirements of Sections 61.145 through 61.147 of the National Emission Standard for Asbestos for all demolition and renovation projects.

Origin: 40 CFR Part 61, National Emission Standards for Hazardous Air Pollutants, Subpart M

I-16. Collins Pine shall require all persons performing maintenance, service, repair or disposal of appliances containing ozone-depleting compounds, be certified by an approved technician certification program.

Origin: 40 CFR Part 82, Protection of Stratospheric Ozone

J. ALTERNATIVE OPERATING SCENARIOS

The facility shall operate in full compliance with all permit conditions at all times unless directed to do otherwise by the Air Pollution Control Officer.