

US EPA ARCHIVE DOCUMENT

Dennis J. Sershen, CHMM
Safety and Environmental Coordinator
Truth Hardware Corporation
700 West Bridge Street
Owatonna, Minnesota 55060

Dear Mr. Sershen:

Based on our meeting on August 20, 1998, and the proposal clarifications, we are providing the Region's analysis of the Steele County XL-C proposal. As stated at the August meeting, the proposal will be reviewed by a panel of national program offices and the Region as part of the selection process. We are looking to better understand the goal of the proposals and the specific project details so that we will be able to explain it to the panel. Based on recent discussions, the scope of your pilot project has become clearer.

The following is a summary of what we understand to be the requests for flexibility and commitment to environmental improvement.

Discussion of flexibility requested

Federal Statutory issues

The proposal does not appear to involve elements that are required by federal environmental statute. However, we are requesting written clarification on the issue raised during the September 10, 1998 conference call. The issue is that the composite totals would not conflict with the responsibility of all categorical industrial users (IU) to comply with categorical pretreatment standards, which are mandated by the Clean Water Act. Project XL does not have the authority or ability to flexed statutes.

Regulatory issues

-IU permits. It is our understanding that IU permits issued by the City of Owatonna would continue to be in effect during the life of the Steele County XL-C project. These IUs would continue to be responsible for meeting their individual discharge limits. However, they would also enter into some type of cooperative agreement that included, among other things, composite "limits" based on long term average discharge data from these IUs, which would be used as one of the bases for determining the need for "intervention" from the direct participants, as envisioned under modified enforcement response procedures for the City (see below). Please let us know if this is an accurate summary of this aspect of the proposal, or provide any needed clarifications.

-Enforcement response plan (ERP). With respect to this proposal, we support an approach that involves modifying the City's ERP to recognize a process whereby the direct participants work together

to resolve certain types of noncompliance by any of the participants, as long as the City retains the ability to take actions beyond those recommended by the group, where it deems necessary in its role as the Pretreatment Control Authority primarily responsible for ensuring compliance by IUs with pretreatment standards and requirements. It is our understanding that stakeholder recommendations would be just that, recommendations, and that the City would be able to take alternative actions it deems necessary.

- Development of alternative mass-based limits for IUs subject to concentration-based categorical pretreatment standards. This appears to be primarily a regulatory matter that EPA may be able to consider in a project proposal, as it is currently being pursued as a regulatory revision in the pretreatment streamlining package expected to be proposed shortly. The streamlining proposal could be used as guidance to address technical issues involving this matter.

Environmental benefits that will result from the proposed project

A critical requirement of all XLC pilot projects is that they demonstrate qualitative and/or quantitative environmental results that are superior to what would be achieved under existing or reasonably foreseeable future national regulations. Currently, most of our discussions concerning the benefits from your proposal have focused on qualitative benefits. It would be most useful if we could come up with an estimate of quantitative benefits. During our September 10, 1998, conference call, MPCA agreed to call Dean Nelson of the POTW to see if it would be possible to come up with an approximate calculation of the reduction in actual discharges that would occur if the goals of your project were met. Such information is needed to help us review your proposal. We understood the baseline for the calculation would be the combined actual discharges for all direct participants over the most recent 5 year period. Previously, you indicated that the baseline would be based on a pollutant by pollutant calculation. We presume that the calculation of the 5 year average actual discharges will be performed on a pollutant by pollutant basis. The quantitative environmental benefit would be the 20% and, eventually 40%, reductions in the combined actual discharge for each pollutant on a mass basis. If we have misunderstood this aspect of your proposal, please let us know.

At this point there has been no description any new process, design, or equipment changes that any of the direct participants will make to reduce the quantity of each pollutant they discharge to the environment. We do understand that a properly designed and implemented environmental management system (EMS) at each direct discharger has the potential to contribute to some reduction in actual discharges. It is not clear if you intend to rely solely on the EMS as the source of the quantitative reductions in each pollutant. It would be helpful if you could also give us some information concerning the other ways in which the direct participants will achieve the reductions of 20% and 40% in discharges.

We would also like to note that the relief you are requesting is not only from the Federal regulations, but also from state and local regulations or requirements. For example, some of the relief you are requesting will require agreement, and possibly regulatory changes, by the State and/or local levels of government to provide for implementation of a modified Pretreatment Program. Their agreement will

be a necessary element to advancing this proposal. The involvement of the State and local levels of government can be accomplished in a number of ways which we would be happy to share with you.

We appreciate the additional time you have spent informing us on the specific details of the project. Our experience with Project XL has shown that the more time we spend up front discussing and working out the details the more time we can save at a later stage. We recognize that this is frustrating to you and appreciate your patience and forbearance. If our understanding of your proposal, as described in this letter, is essentially accurate and if a quantitative estimate of the environmental benefits of the project is generated, we expect to move expeditiously to the next stage of Project XL. If you have any questions concerning this letter, please contact Jeffrey Bratko at (312) 886-6816 or Matt Gluckman at (312) 886-6089.

Sincerely yours,

Marilou Martin
Regional Reinvention Coordinator

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