

Appendix S

United States Steel Corporation - Gary Works Responses to the FLMS Comments

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Boling, Jean

From: Hanning, Joseph E <JEHanning@uss.com>
Sent: Tuesday, August 17, 2021 4:21 PM
To: Boling, Jean
Cc: Taylor, Marissa
Subject: RE: [External]-Federal Land Managers Comments Associated with the United States Steel Corporation - Gary Works Facility

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Jean,

Thank you for the opportunity to respond to this important issue. Though the Federal Land Managers' (FLMs) comments are not specifically directed towards U. S. Steel Gary Works (Gary Works), we respectfully submit the following responses to the FLM comments on the Indiana Department of Environmental Management's (IDEM) Regional Haze SIP draft.

With regard to the comments on cost analysis issues, Gary Works generally disagrees with revising the interest rate from 5.5% to 3.25%. The EPA Control Cost Manual 7th Edition, Section 1, Chapter 2, states that "if firm-specific nominal interest rates are not available, then the bank prime rate can be an appropriate estimate for interest rates" for use in cost estimation. In 2020, U. S. Steel secured capital funding for other environmentally beneficial projects through Environmental Improvement Revenue Bonds with a coupon of 6.375%. This higher interest rate would be more representative of the most favorable interest rate likely to be available to U. S. Steel. If the interest rate were to be revised up, the cost analysis would be even more unfavorable.

The FLMs stated that sales tax should not be included in the cost analysis for pollution control equipment, citing Indiana Code 6-2.5-5-30. While this law would eliminate sales tax for pollution control equipment purchased within the state of Indiana, Gary Works finds it unlikely that all or any of the equipment required for the new controls would be purchased within the state. Furthermore, this tax exemption applies only to "tangible personal property", which does not include the cost of engineering or labor. Therefore, including sales tax in cost estimations is appropriate.

The FLMs noted that costs within the range of \$4,000-\$10,000/ton are being used by other states in their regional haze implementation plans as thresholds for reasonable costs, but the FLMs did not specify the states or the justification for this threshold. Given that the rule itself does not specify a reasonable cost threshold, it is unclear how this range has been selected without additional information from the states' analyses. Gary Works agrees with IDEM's conclusion in its draft SIP that no additional controls are needed because the visibility benefit would be insufficient to justify controls.

Gary Works disagrees that all control options found to be cost-effective should require implementation, especially if there is minimal to no impact on visibility. The August 2019 Regional Haze Rule (RHR) guidance does allow states to consider visibility when determining their long term strategy. U. S. Steel agrees with IDEM's long term strategy. As noted in our four-factor analysis, the 5-year average visibility impairment on the most impaired days at the associated Class I areas of interest is already below (Mammoth Cave and Seney), or trending towards (Mingo), the 2028 URP. Therefore, it is unnecessary to install additional emission control measures to make reasonable progress at these Class I areas. Furthermore, Gary Works does not appreciably contribute to visibility impairment to the Class I areas on the most impaired days at the monitors. For these reasons, installation of additional emission controls at Gary Works cannot appreciably improve visibility in these Class I areas and is neither reasonable nor cost-effective.

Please let me know if you need any other information.

Thank you,
Joe

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From: Boling, Jean <JBoling@idem.IN.gov>
Sent: Thursday, July 29, 2021 2:26 PM
To: Taylor, Marrison <MTaylor@uss.com>; Hanning, Joseph E <JEHanning@uss.com>
Subject: [External]-Federal Land Managers Comments Associated with the United States Steel Corporation - Gary Works Facility

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Good afternoon Marrison and Joseph,

IDEM received the Federal Land Manager's (FLMs) comments on July 23, 2021, as expected, so we are now in the process of drafting Indiana's response to comments that will be incorporated into the draft RH SIP that will go out on public notice. As stated in the email I sent out on July 15, 2021, your timely response is needed to provide the additional information the FLMs have requested to address their comments related to the four-factor analysis conducted for the United States Steel Corporation - Gary Works Facility.

The FLMs reviewed the four-factor analysis provided for the Gary Works Facility and offered the following comment and request for additional information: "We found several errors in the cost analyses provided for this facility and we request that these errors are corrected. Once corrected, we believe controls may be even more cost effective than estimated by IDEM." Please provide updated cost analyses based on the errors identified or justification for why the recommended correction is not applicable.

Since the RH program is an iterative program that provides states with the flexibility to develop a cohesive strategy that demonstrates reasonable progress over time toward natural visibility by 2064, Indiana offered a weight of evidence demonstration consistent with this overarching principle to support the state's decision not to require additional control measures for the selected sources. The state continues to stand behind this decision, however, it is important to address the FLMs comments as thoroughly as possible to show that Indiana has seriously evaluated the selected sources in accordance with the RH Rule and section 169A(g)(1) of the CAA which lists four factors that must be taken into consideration in determining reasonable progress.

Please forward the information requests to me by close of business August 17, 2021 and if either one of you have any questions about the FLMs comments or would like to discuss any of them with us, we would be happy to make ourselves available. Thank you, in advance, for your cooperation and assistance.

Jean Boling

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