



DEPARTMENT OF PUBLIC HEALTH
CITY OF CHICAGO

January 26, 2015

Steven Caudle
Terminal Manager
Kinder Morgan/Chicago Arrow Terminal
2926 E. 126th Street
Chicago, IL 60633

RE: Kinder Morgan/Chicago Arrow Terminal
2926 E. 126th Street
Request for Variances from Air Pollution Control Rules and Regulations
for Control of Emissions from Handling and Storage of Bulk Material Piles

Dear Mr. Caudle,

On behalf of the Commissioner of the Chicago Department of Public Health ("CDPH"), I am writing in response to the June 11, 2014 request from Kinder Morgan/Chicago Arrow Terminal, (hereafter "Kinder Morgan"), for variances from certain of the above-referenced Rules and Regulations (hereafter "Bulk Material Rules" or "Rules"). Under Section 8.0 of the Bulk Material Rules, the burden of proof is upon the applicant for the variance to demonstrate that issuance of the requested variance will not create a public nuisance or adversely affect the surrounding area, the surrounding environment, or surrounding property uses. In the event that the applicant does not meet this burden, the variance request will be denied.

At this time, CDPH finds that Kinder Morgan's application is incomplete, and provides an additional 30 days from the date of this letter to provide additional information needed to complete our review of your request, as specified below.

- 1) First, with respect to Section 3.0(2)(c) of the Rules, and Kinder Morgan's request to be able to use Method 9 to measure opacity, please note that CDPH corrected a typographical error in this section. The reference to 35 Ill. Admin. Code 212.107 should have been 35 Ill. Admin. Code 212.109. Accordingly, Method 9 is the correct method for measuring opacity under the Rules, and a variance is not required. However, if Kinder Morgan still seeks a variance from any part of this section, please let us know.
- 2) With respect to Section 3.0(4), and the requirement to install, operate, and maintain fugitive dust monitors, Kinder Morgan requests an extension of time until June 11, 2016 to "continue to evaluate fugitive dust at the Terminal and implement additional measures that are designed to further eliminate off-site fugitive dust emissions." (Kinder Morgan Request p. 11.) However, it is not clear what Kinder Morgan intends to do on

June 11, 2016, nor is it clear how Kinder Morgan will evaluate fugitive dust during the interim. Similarly, it is not clear how Kinder Morgan will demonstrate the effectiveness of the additional measures.

Therefore, please provide additional details to support Kinder Morgan's request not to install a dust monitoring network, including evidence of the effectiveness of Kinder Morgan's current and planned fugitive dust control program. If available, please include any scientific studies or reports and any site-specific technical evaluations. Please also be sure to include citations and supporting calculations for all of the sources of emissions data and other information upon which you rely.

- 3) With respect to Section 3.0(5), and the requirement to install, operate, and maintain a permanent device to monitor and log wind speed and wind direction, Kinder Morgan proposes to use aviation-rated windsocks that fully extend at or above the stated wind speed and implement a program of manual, rather than electronic, logging. In a related request, Kinder Morgan seeks to change the definition of High Wind Event from 15 miles per hour (MPH) to 15 knots (~17.3 MPH). Kinder Morgan states that this alternative method is more protective than the City's regulations, because employees can react immediately to a High Wind Event, rather than waiting for two subsequent five-minute periods with sustained winds over the limit.

Please provide additional details regarding the effectiveness of the proposed alternative method. In particular, please describe the placement of the windsocks (where on site, how high, how many), including any manufacturer's recommendations. In addition, how often will employees look at the windsocks? Can an alarm be added to alert employees when the windsocks are fully extended? With regard to the daily recordkeeping requirement in Section 3.0(17)(b), how will the site supervisor obtain the information to complete the Supervisor's Shift Log? Will he or she consult the monitor located in the superintendent's office, or one of the windsocks? Besides the maximum 15 knots, what other wind speeds are the windsocks capable of detecting, and how accurate are they?

- 4) With respect to Section 3.0(7) regarding transfer points, Kinder Morgan requests an exemption from all dust control options in this section, stating that "Given the nature of the products handled and the configuration of the Terminal... we are implementing alternative measures to control fugitive emissions from Transfer Points and to ensure that opacity remains within allowable limits." However, based on the materials provided, Kinder Morgan has not demonstrated the effectiveness of the alternative measures. In addition, with regard to products stored outdoors, the conditions under which water will be applied are not clearly specified. With respect to truck transfer points, the request states that "during periods of high temperatures, low humidity and/or high winds, water will [be] applied to the face of the outdoor storage pile to control fugitive dust." (Kinder Morgan Request, p. 25.) Besides the lack of specificity, Kinder Morgan has not demonstrated why water cannot be applied at other transfer points by means other than a "water spray system," such as water trucks, when temperatures are above freezing.

Accordingly, please provide a detailed response addressing the questions above, and please provide evidence of the effectiveness of the proposed alternative measures.

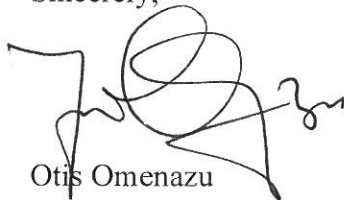
- 5) With respect to Section 5.0(5)(b), Kinder Morgan requests an exemption from the requirement to apply dust suppressants when temperatures fall below 32 degrees, noting that chemicals cannot be used as they compromise the product and/or create a health hazard at the steel mill, and that ice causes a safety hazard. However, the request does not specify any special measures to be taken during freezing conditions besides the same BMPs that are employed during warmer weather.

Therefore, please provide detailed information describing the contingency plan that will be implemented if dust is observed and water cannot be applied, including a greater explanation of the control procedures set forth in the decision tree that is attached to the variance request.

Finally, if there is any further information that Kinder Morgan believes is relevant to meeting its burden of proof in connection with its variance request, or which it would like to make part of the record for the City's consideration of this issue, it is invited to do so. In addition, if Kinder Morgan wishes to respond to any public comments regarding its variance request, it is also invited to do so. The public comments are posted on the City's website at www.cityofchicago.org/environmentalrules.

Please submit the above-requested information to my attention within thirty (30) days. If you have any questions, please call me at (312) 745-7206.

Sincerely,



Otis Omenazu
Chief Air Engineer