TITLE V PERMIT RENEWAL STATEMENT

<table>
<thead>
<tr>
<th>Facility Name:</th>
<th>Holston Army Ammunition Plant (HSAAP Area B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>City:</td>
<td>Kingsport</td>
</tr>
<tr>
<td>County:</td>
<td>Hawkins</td>
</tr>
</tbody>
</table>

Date Application Received: December 23, 2013
Date Application Deemed Complete: October 24, 2014
Emission Source Reference No.: 37-0028
Permit No.: 568188

INTRODUCTION

This narrative is being provided to assist the reader in understanding the content of the attached Title V operating permit. This Title V Permit Statement is written pursuant to Tennessee Air Pollution Control Rule 1200-03-09-.02(11)(f)1.(v). The primary purpose of the Title V operating permit is to consolidate and identify existing state and federal air requirements applicable to Holston Army Ammunition Plant and to provide practical methods for determining compliance with these requirements. The following narrative is designed to accompany the Title V Operating Permit. It initially describes the facility receiving the permit, then the applicable requirements and their significance, and finally the compliance status with those applicable requirements. This narrative is intended only as an adjunct for the reviewer and has no legal standing. Any revisions made to the permit in response to comments received during the public participation process will be described in an addendum to this narrative.

Acronyms
PSD - Prevention of Significant Deterioration
NESHAP - National Emission Standards for Hazardous Air Pollutants
NSPS - New Source Performance Standards
MACT - Maximum Achievable Control Technology
NSR - New Source Review

I. Identification Information

A. Source Description:

Listing and description of emission sources:

(1) Fuel Burning Installation: (6) Coal Fired Boilers and (3) natural gas fired boilers (37-00028-01-09): for steam generation
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8/11/2017
Coating of RDX or HMX (37-1028-99, 37-0028-103): purification in solvent and lacquer coating of RDX to produce PBX plastic explosive

Coal Handling System (37-1028-96, 37-0028-104): for coal feed to Area B boilers; coal crushing, screening and conveying

Lacquer Preparation (37-1028-98, 37-0028-105): mixing of solvent and binder for lacquer coating of RDX or HMX explosives


Plasma Arc Cutting Machine (37-1029-03, 37-0028-107): for cutting of steel plate/shapes

Recrystallization of RDX (37-1029-05, 37-0028-108): purification and coating of RDX

Coating of RDX (37-1029-06, 37-0028-109): production of PBX plastic explosive

HMX and RDX Nitration Process (37-1029-09, 37-0028-110): HMX and RDX production by chemical nitration

Coating of RDX or HMX (37-1029-14, 37-0028-111): purification in solvents and coating of RDX and HMX to produce PBX plastic explosive

Filtration and Washing of Crude RDX/HMX (37-0028-77): purification of RDX or HMX

Acetic Anhydride Production and Acetic Acid Concentration (37-1029-16, 37-0028-112)

Natural gas fired only Steam Generating Units (37-1029-17, 37-0028-113).


Weak Acetic Acid Recovery Process (37-1029-24, 37-0028-115)

Tanks 16A and 16B for the Weak Acetic Acid Recovery Process (37-1029-25, 37-0028-116)

Permitting Activities Since Original Permit Issuance (Previous Permit 547262)

1. Significant modification to sources 37-0028-01-10, to replaces ESP control with fabric filters with sorbent injection systems for boiler MACT.
2. Significant modification to sources 37-0028-45, -46, -47, -48, -63, -64, and -65, to limit the sources to 249 TPY of NOX for all these sources combined to avoid BART requirements.
3. Minor modification to sources 37-0028-26, -27 and 37-1028-39, 37-0028-102, to change NOX emissions from 5 TPY to 15 TPY.
4. Remove sources 61 and 66.
5. Revised Conditions B5, C1, C2, and E2(b).

Permitting Activities Since Previous Permit Issuance 558406

(1) The following Emission Source Referenced Numbers have been changed to the new Emission Source Referenced Numbers as follow:

<table>
<thead>
<tr>
<th>Previous Emission Source Referenced no.</th>
<th>New Emission Source Referenced no.</th>
</tr>
</thead>
<tbody>
<tr>
<td>37-1028-29</td>
<td>37-0028-100</td>
</tr>
<tr>
<td>37-1028-37</td>
<td>37-0028-101</td>
</tr>
<tr>
<td>37-1028-39</td>
<td>37-0028-102</td>
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<td>37-1028-90</td>
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<td>37-1028-96</td>
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<td>37-1028-99</td>
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<td>37-0028-113</td>
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<tr>
<td>37-1029-20</td>
<td>37-0028-114</td>
</tr>
<tr>
<td>37-1029-24</td>
<td>37-0028-115</td>
</tr>
<tr>
<td>37-1029-25</td>
<td>37-0028-116</td>
</tr>
</tbody>
</table>

(3) New source 37-1029-17, 37-0028-113: January 14, 2014, construction permit no 967609F issued for Natural gas fired only Steam Generating Units


(7) New source 37-0028-117, Eight Generates sets, Four Air Compressors, and Two pumps

(8) New Source 37-0028-118, Gasoline Storage and Dispensing


(10) Revised Conditions A12, B5, and E2(b)

B. Facility Classification

1. Attainment or Non-Attainment Area Location
   Area is designated as an attainment area for all criteria pollutants.

2. Company is located in a Class II area.

C. Regulatory Status

1. PSD/NSR
   This facility is an existing major source under PSD.

2. Title V Major Source Status by Pollutant

<table>
<thead>
<tr>
<th>Pollutant</th>
<th>Is the pollutant emitted?</th>
<th>If emitted, what is the facility’s status?</th>
<th>Major Source Status</th>
<th>Non-Major Source Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>PM</td>
<td>y</td>
<td>y</td>
<td>y</td>
<td></td>
</tr>
<tr>
<td>PM_{10}</td>
<td>y</td>
<td>y</td>
<td>y</td>
<td></td>
</tr>
<tr>
<td>SO_{2}</td>
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<td>y</td>
<td>y</td>
<td></td>
</tr>
<tr>
<td>VOC</td>
<td>y</td>
<td>y</td>
<td>y</td>
<td></td>
</tr>
<tr>
<td>NO_{x}</td>
<td>y</td>
<td>y</td>
<td>y</td>
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<tr>
<td>CO</td>
<td>y</td>
<td>y</td>
<td>y</td>
<td></td>
</tr>
<tr>
<td>Individual HAP</td>
<td>y</td>
<td>y</td>
<td>y</td>
<td></td>
</tr>
<tr>
<td>Total HAPs</td>
<td>y</td>
<td>y</td>
<td></td>
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3. MACT and NSPS Standards

37-0028-01-04 (4) Coal Fired Boilers is subject to 40 CFR 63, Subpart DDDDD
Source 37-1029-16, 37-0028-112: Acetic Anhydride Production and Acetic Acid Concentration is subject to 40 CFR 60, Subpart VVa, 40 CFR 60, Subpart NNN, 40 CFR 60, Subpart RRR, and 40 CFR 63, Subpart DDDD.

Source 37-1029-17, 37-0028-113: Natural gas fired only Steam Generating Units is subject to 40 CFR 60, Subpart Dc, 40 CFR 60, Subpart KKKK, 40 CFR 63, Subpart DDDDD, and 40 CFR 63, Subpart YYYYY.

Source 37-1029-24, 37-0028-115: Weak Acetic Acid Recovery Process is subject to 40 CFR 60, Subpart VVa, 40 CFR 60, Subpart NNN.


4. Program Applicability
   Are the following programs applicable to the facility?
   PSD: yes
   NESHAP: yes
   NSPS: yes

II. Compliance Information
   A. Compliance Status
      Is the facility currently in compliance with all applicable requirements? Yes
      Industrial boilers, 40 CFR §63 Subpart DDDDD or the Boiler MACT: Compliance date extended to 1-31-2017.

III. Other Requirements
   A. Emissions Trading
      The facility is not involved in an emission-trading program.

   B. Acid Rain Requirements
      This facility is not subject to any requirements in Title IV of the Clean Air Act.

   C. Prevention of Accidental Releases
      This facility is subject to 40 CFR 68 as of June 21, 1999.

VI. THE FOLLOWING AGENCIES WERE NOTIFIED OF THE TITLE V DRAFT PERMIT FOR THIS COMPANY:
1. EPA, Region IV
2. The NC Dept. of Environment and Natural Resources
3. Virginia Department of Environmental Quality
4. Kentucky Division for Air Quality
V. ADDENDUM TO TITLE V PERMIT STATEMENT: SUMMARY OF COMMENTS

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<tr>
<td>Date Application Deemed Complete:</td>
<td>October 24, 2014</td>
</tr>
<tr>
<td>Date of Public Notice:</td>
<td>May 18, 2016</td>
</tr>
<tr>
<td>Date of Public Hearing Notice:</td>
<td>July 8, 2016</td>
</tr>
<tr>
<td>Date of Public Hearing:</td>
<td>August 18, 2016</td>
</tr>
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Comments:
Comments were received during the initial 30-day public notice period and the public hearing conducted on August 18, 2016, including the 10-day period following the hearing. Because of the number of comments received, the summary of comments (with responses) is drafted as a separate document external to this statement of basis.

VI. Revisions to Draft Permit Incorporated for Proposed Permit Forwarded to EPA Post- Public Hearing

Condition E1: updated dates for present and next annual accounting periods under the fee table.

Condition A8. Updated and revised fee payment.

Conditions B5 and E2(a): updated Federal Register date and page numbers for Rule cite.

Add new conditions for Open Burning of Explosive Contaminated Materials for source 37-0028-10 as follows:

**Condition E5-9(new)** The open burning of materials, handling and disposal of ash and other waste generated from this burning process must be conducted in accordance with all applicable Tennessee Division of Solid Waste Management regulations.

TAPCR 1200-03-09-.03(8)

**Condition E5-10(new)** The permittee shall not open burn demolition debris, or any other materials, that contain PCBs (e.g., pumps, motors, painted piping, painted masonry or wood, caulking, waste oil, etc.) without the permission of the United States Environmental Protection Agency (EPA).
Condition E5-11 (new) The facility shall review available information related to alternatives to open burning of explosives and explosive-contaminated and or potentially explosive contaminated combustibles annually, and submit a statement signed by the Responsible Official certifying whether or not there are safe alternatives to open burning these materials. In the event a safe alternative is discovered, the statement shall include a plan and schedule to implement the new method of disposal explosive contaminated materials and explosive waste.

The statement shall be submitted by March 1st of each year beginning March 1, 2019. Hard copies or electronic copies (PDF) of the statement shall be submitted to both the Environmental Field Office and Nashville Central Office at the following addresses:

Adobe Portable Document Format (PDF) Copy to:

Technical Secretary
Division of Air Pollution Control
Johnson City Environmental Field Office
2305 Silverdale Road
Johnson City, TN 37601-2162

Technical Secretary
Division of Air Pollution Control
William R. Snodgrass Tennessee Tower
312 Rosa L. Parks Avenue, 15th Floor
Nashville, TN 37243

TAPCR 1200-03-04-.04(1)(k), TAPCR 1200-03-10-.02(1)(a)

Add new conditions for Open Burning of Explosive Waste for Source 37-0028-53 as follows:

Condition E26-9 (new) The open burning of materials, handling and disposal of ash and other waste generated from this burning process must be conducted in accordance with all applicable Tennessee Division of Solid Waste Management regulations.

TAPCR 1200-03-09-.03(8)

Condition E26-10 (new). The permittee shall not open burn demolition debris, or any other materials, that contain PCBs (e.g., pumps, motors, painted piping, painted masonry or wood, caulking, waste oil, etc.) without the permission of the United States Environmental Protection Agency (EPA).

Letter from Jon D. Johnston, Chief, Materials and Waste Management Branch, Resource Conservation and Restoration Division, EPA Region 4, dated March 25, 2016 enclosed as Attachment 24. TAPCR 1200-03-09-.03(8)

Condition E26-11(new). The facility shall review available information related to alternatives to open burning of explosives and explosive-contaminated and or potentially explosive contaminated combustibles annually, and submit a statement signed by the Responsible Official certifying whether or not there are safe alternatives to open burning these materials. In the event a safe alternative is discovered, the statement shall include a plan and schedule to implement the new method of disposal explosive contaminated materials and explosive waste.
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TAPCR 1200-03-04-.04(1)(k), TAPCR 1200-03-10-.02(1)(a)