



Michael J Thomson
President

April 6, 2009

Ohio Environmental Protection Agency
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Columbus, Ohio 43215

SunCoke Energy
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**RE: Middletown Coke Company
Application for Major New Source Permit to Install**

Dear Ohio EPA:

On November 25, 2008, the Middletown Coke Company ("MCC") received from your office a permit to install ("PTI") authorizing it to construct and operate a heat recovery coke-making facility adjacent to AK Steel Corporation's Middletown Works in Middletown, Ohio. Certain challenges to that permit are on-going. While MCC possesses a valid PTI, it hereby applies to obtain a major new source permit should MCC determine that such a permit is preferable to the PTI.

Summary of Major New Source Application

The Facility Will Employ Best Available Control Technology: The control technologies proposed in this application meet both the Best Available Control Technology and Best Available Technology standards for new major sources in Ohio. No similar facilities are operating at this time with better controls. The proposed control technologies are the same control technologies as those contained in the PTI and those that are used at SunCoke's Haverhill plant. The controls include among other things:

- Enclosures and wet suppression for the coal unloading and storage operations;
- Enclosures (except where prohibited for safety) and wet material for the coal crushing and coal and coke conveyors;
- Enclosure and baghouse on the coke screening operation;
- Baghouse for charging operations and multicyclone for pushing operations
- Spray dryer scrubber followed by a baghouse on the main stack; and
- Baffles and water with controlled dissolved solids for quenching.

The Facility Will Meet Lowest Achievable Emission Rates: The SO₂ limits in the Application represent a significant reduction to those in the PTI and are set at the same level as Haverhill. In addition to proposing the same control technologies as in the PTI and Haverhill, the application proposes a short-term (24-hour) emission limit of 192 lbs/hr and an annual emission limit of 700.8 tons per year of SO₂ from normal operations through the main stack.

The facility will also use controls qualifying as Lowest Achievable Emission Rates for fine particulate matter, SO₂, and NO_x. These include:

- Maximum Achievable Control Technology for oven charging, oven pushing, and coke quenching;
- Air pollution controls on the coke ovens that can remove 92% of main stack SO₂ emissions;
- Emission minimization procedures to reduce SO₂ emissions by 28% during maintenance of the main stack air pollution control system;
- An enhanced filter material for the bags in the main stack baghouse to improve collection of fine particulate matter; and
- Staged combustion inherent to the heat recovery coke oven design for NO_x control.

Air Dispersion Modeling Demonstrates No Deterioration of Air Quality Standards: MCC has conducted air modeling of the facility emissions reflecting worst-case scenarios. These scenarios include those limited periods when the plant's main stack air pollution control equipment will be out of service for planned maintenance. The results show that CO and NO_x impacts are insignificant; PM₁₀ and SO₂ are below the Federal PSD increments as well as the Ohio EPA "half increments"; and HCl and mercury are less than the Ohio maximum acceptable ground level concentrations.

Ample Local Emission Offsets Assure a Net Air Quality Benefit: Primary fine particulate from MCC will be offset by a ratio of at least 1.0 to 1.0 with emission reductions from AK Steel's Middletown Works, which is adjacent to MCC and less than 1 mile away. The fine particulate precursors of SO₂ and NO_x will also be offset by a ratio of at least 1.0 to 1.0.

In addition to offsetting all MCC emissions with local reductions, MCC will also produce electric power from the coke oven waste heat. This baseload electric power generation will require no additional combustion and create no incremental emissions from the facility. In fact, this emission-free power supply will reduce regional emissions by displacing electricity that would otherwise be produced by coal-fired generators and other fossil-fired sources in Ohio and the Midwest regional electric power market.

Other Proposed Permit Conditions Represent Significant Improvements and Assurances to Protect the Public Health and Environment: MCC has proposed other permit conditions that go above and beyond existing regulatory requirements and will result in environmental improvements over other existing heat recovery coke facilities. Specifically;

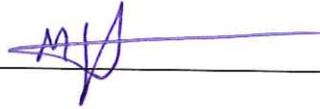
- Ambient monitors will be installed in the local community and overseen by the Hamilton County Department of Environmental Services to assure that local air quality standards are maintained;

Ohio Environmental Protection Agency
April 6, 2009
Page 3

- Increased activated carbon injection rates compared to levels at Haverhill will be implemented for the removal of mercury;
- An enhanced quench tower design will be constructed at MCC to minimize PM emissions from quenching operations.

In closing, we believe these technologies and permit limits satisfy all regulatory requirements and are equivalent to or better than those used by any comparable facility currently in operation. As such, we request your office process this application expeditiously. Please contact us directly if you have any questions or need further information.

Sincerely,

A handwritten signature in blue ink is written over a horizontal line. The signature is stylized and appears to consist of the letters 'M' and 'J' followed by a long horizontal stroke.

Enclosure