

KOCH NITROGEN COMPANY LLC

April 15, 2014

UPS Tracking Number

1Z 693 661 03 9512 5802

Mr. Mostafa Kamal, P.E.
Chief of the Hazardous Waste Permits Section
Kansas Department of Health and Environment
Bureau of Waste Management
1000 SW Jackson Street, Suite 320
Topeka, Kansas 66612-1366

Ref: Updated Closure, Post-Closure, and Corrective Action Cost Estimate (2013)
Koch Nitrogen Company, LLC Dodge City, KS
Hazardous Waste Management Permit
EPA ID# KSD044625010

Dear Mr. Kamal:

In accordance with Condition II.J.1 of the referenced permit, Koch Nitrogen Company, LLC (KNC) is submitting its annual cost estimate for closure, post-closure, and corrective action that has been updated to account for inflation.

Our financial assurance instrument remains in place and has no expiration date. Once we receive confirmation that the revised annual cost estimate is acceptable to the Kansas Department of Health and Environment (KDHE), KNC will provide a rider to its financial assurance for the additional amount above the current face value of the instrument.

As confirmed with your staff previously, KNC provides an updated cost estimate to KDHE for review and approval each year on or before April 15, with the revision to the instrument provided by June 14 following approval by KDHE.

Following guidance received from Mr. Brian Busby, KDHE Bureau of Waste Management, on April 13, 2010, KNC has derived the inflation factor using the Implicit Price Deflator (IPD) for Gross Domestic Product, and not the IPD for Gross National Product, and has used the annual IPD values, instead of the quarterly IPD values.

620.227.8631 Tel
620.227.6016 Fax

11559 U.S. Highway 50
P.O. Box 1337
Dodge City, Kansas 67801-1337

RCRA



531657

If you have any questions or need additional information, please contact Cory Zellers at (620) 371-7914.

As required by Condition I.F of the above referenced permit, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision according to a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations.

Sincerely,



Rachel L. Moore
Plant Manager

Enclosures: Updated Cost Estimate for Closure, Post Closure, and Corrective Action
Copy of Latest Published Table 1.1.9
Copy of Basis for Inflation Factor

cc: **UPS Tracking Number** **1Z 693 661 03 9665 2393**
Chief, RCRA Corrective Action and Permits Branch; Air, RCRA and Toxics Division, U.S.
Environmental Protection Agency – Region VII, Kansas City, Kansas
(2 copies w/attachments)

UPS Tracking Number **1Z 693 661 03 9793 6423**
Mr. Everett Spellman, KDHE w/attachments

UPS Tracking Number **1Z 693 661 03 9914 1813**
Mr. Brian Busby, KDHE w/attachments

Closure, Post-Closure, and Corrective Action Cost Estimate - 2014
Koch Nitrogen Company, LLC

ID# KSD044625010

TASK	COST	CLOSURE	POST-CLOSURE
Groundwater Monitoring			
Sample Collection (Labor)			
Quarterly (25 wells)	\$23,280		
Semi Annual (13 wells)	\$4,813		
Residential (10 wells)	\$3,467		\$31,561
Sample Analysis			
Quarterly Chrome/Nitrate (25 wells)	\$4,813		
Semi Annual Chrome/Nitrate (13 wells)	\$1,289		
Semi Annual VOC samples (7 wells)	\$2,210		
Residential (10 wells)	\$2,063		\$10,375
Sample Shipment	\$982		\$982
Semi-Annual Reporting	\$15,226		\$15,226
Well Maintenance			
Mowing	\$2,456		
Well Cap Replacement	\$1,154		
Maintenance and Equipment Replacement	\$2,456		
Monitoring Well Replacement	\$3,070		\$9,135
			Annual Groundwater Monitoring \$67,280
			30-YEAR GROUNDWATER MONITORING \$2,018,389
Remedial System			
Recovery Well Operation (66 wells)			
Electricity Costs	\$31,974		
Maintenance (pump/well)	\$6,139		
Inspection Costs	\$6,139		
Recovery Well Replacement	\$3,070		
Pipeline Maintenance	\$1,842		
Storage Tank Maintenance	\$2,456		
Storage Tank Inspection	\$2,947		
Sludge Disposal	\$1,228		
Semi Annual Reporting	\$2,456		\$58,250
Pre-Disposal Pipeline			
Pipeline Maintenance (pump, pH control system)	\$2,456		
Durco/Final Filter	\$6,139		
Inspection Costs	\$6,139		\$14,734
Disposal Well Operation (2 ICDWs)			
Annual Fall-off Test	\$12,279		
Mechanical Integrity Test (MIT - Internal/External)	\$2,947		
Inspection Costs – Labor	\$22,409		
Operation Monitoring – Analytical	\$3,684		
Reporting	\$12,279		
Routine Maintenance	\$6,139		
Repermitting	\$3,684		
Workover (as needed, may only be once every 10 yrs)	\$12,279		\$75,698
			Annual Remedial System Operation \$148,682
			30-YEAR REMEDIAL SYSTEM OPERATION \$4,460,466

Chrome Destruct Unit (Closure/Post-Closure)

Closure

Structure Sampling	\$9,842
Removal Requirements	\$2,296
Subsurface Soil Sampling	\$21,846
Excavation	\$90,317
Certification Sampling	\$1,985
Final Report	\$13,875
Ground Water Sampling	\$0

See Closure Cost Estimate \$140,161

TOTAL CDU CLOSURE \$140,161

Post-Closure Monitoring

Inspection Costs	\$208
Reporting	\$612
Maintenance	\$490

\$1,309

Annual Post-Closure Care

Post-Closure Certification (one time expense) \$3,671

30-YEAR CDU POST-CLOSURE CARE

\$42,956

SUBTOTALS

\$140,161 \$6,521,811

Contingency Cost (10%)

\$14,016 \$652,181

TOTALS

\$154,177 \$7,173,992

GRAND TOTAL

\$7,328,169

2013 Total

\$7,219,128

Difference

\$109,041

Federal Insurance Company
15 Mountain View Road
Warren, NJ 07059

Surety Bond Number : 8187607

Table 1.1.9. Implicit Price Deflators for Gross Domestic Product

[Index numbers, 2009=100]

Last Revised on: March 27, 2014 - Next Release Date April 30, 2014

Line		2011	2012	2013
1	Gross domestic product	103.199	105.002	106.588
2	Personal consumption expenditures	104.086	106.009	107.212
3	Goods	105.345	106.666	106.187
4	Durable goods	97.649	96.467	94.729
5	Nondurable goods	109.128	111.765	111.993
6	Services	103.463	105.689	107.753
7	Gross private domestic investment	100.336	101.608	104.039
8	Fixed investment	100.506	101.852	103.767
9	Nonresidential	100.524	101.977	103.160
10	Structures	101.748	103.732	106.925
11	Equipment	98.928	100.187	100.565
12	Intellectual property products	101.788	103.167	104.190
13	Residential	100.392	101.246	106.220
14	Change in private inventories	---	---	---
15	Net exports of goods and services	---	---	---
16	Exports	111.140	112.185	112.430
17	Goods	113.013	113.508	113.139
18	Services	107.039	109.312	110.901
19	Imports	114.273	114.862	113.823
20	Goods	116.178	116.855	115.480
21	Services	105.713	105.895	106.390
22	Government consumption expenditures and gross investment	105.560	106.882	107.889
23	Federal	105.344	106.184	107.643
24	National defense	105.191	106.252	107.800
25	Nondefense	105.624	106.077	107.382
26	State and local	105.710	107.371	108.073
	Addendum:			
27	Gross national product	103.322	105.126	106.710

Cost Updates with Deflator Factors:

- The Bureau of Economic Analysis (BEA) site at <http://www.bea.gov/> publishes tables of the economic indicators.
 - The methodology described in 40 CFR §§ 264.142 & 264.144 requires the use of the most recent published “implicit price deflators” (IPDs).
 - The inflation factor required by the regulation is derived from the latest published annual IPD divided by the IDP for the previous year.
 - The IDPs are available in “List of selected NIPA Tables” in Table 1.1.9. Use the most recent published table.
 - Use Line 1, GDP
 - Take ratio of latest annual IDP to the IDP for the previous year. For example in 2012, the ratio is 2011 IPD/2010 IPD.
 - Use this ratio as the multiplier for the elements in the estimate to be updated.

Per conversation with Brian Busby, KDHE, on 4/13/10, the Gross Domestic Product is a more accurate measure of inflation than the Gross National Product as stated in EPA guidance

This will provide the factors that meet the wording of 40 CFR 264.142 and .144 and direction from KDHE.

NIPA Table 1.1.9. Implicit Price Deflators for Gross Domestic Product

Annual -->	2012	2013	Quarter -->	IV - 2012	IV - 2013
Gross domestic product	105.002	106.588	Gross domestic product	105.667	107.197
Ratio 2013/2012	1.015104		Ratio 4Q2013/4Q2012	1.014479	

RECEIVED

APR 16 2014

AWMD/WRAP-MIRP



KOCH NITROGEN COMPANY LLC

April 15, 2014

UPS Tracking Number

1Z 693 661 03 9512 5802

Mr. Mostafa Kamal, P.E.
Chief of the Hazardous Waste Permits Section
Kansas Department of Health and Environment
Bureau of Waste Management
1000 SW Jackson Street, Suite 320
Topeka, Kansas 66612-1366

Ref: Updated Closure, Post-Closure, and Corrective Action Cost Estimate (2013)
Koch Nitrogen Company, LLC Dodge City, KS
Hazardous Waste Management Permit
EPA ID# KSD044625010

Dear Mr. Kamal:

In accordance with Condition II.J.1 of the referenced permit, Koch Nitrogen Company, LLC (KNC) is submitting its annual cost estimate for closure, post-closure, and corrective action that has been updated to account for inflation.

Our financial assurance instrument remains in place and has no expiration date. Once we receive confirmation that the revised annual cost estimate is acceptable to the Kansas Department of Health and Environment (KDHE), KNC will provide a rider to its financial assurance for the additional amount above the current face value of the instrument.

As confirmed with your staff previously, KNC provides an updated cost estimate to KDHE for review and approval each year on or before April 15, with the revision to the instrument provided by June 14 following approval by KDHE.

Following guidance received from Mr. Brian Busby, KDHE Bureau of Waste Management, on April 13, 2010, KNC has derived the inflation factor using the Implicit Price Deflator (IPD) for Gross Domestic Product, and not the IPD for Gross National Product, and has used the annual IPD values, instead of the quarterly IPD values.

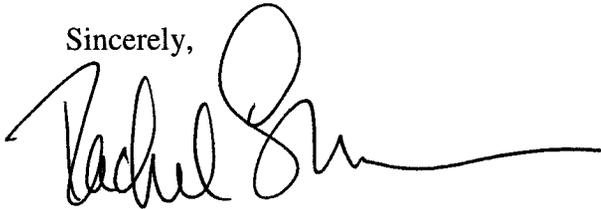
620.227.8631 Tel
620.227.6016 Fax

11559 U.S. Highway 50
P.O. Box 1337
Dodge City, Kansas 67801-1337

If you have any questions or need additional information, please contact Cory Zellers at (620) 371-7914.

As required by Condition I.F of the above referenced permit, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision according to a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations.

Sincerely,



Rachel L. Moore
Plant Manager

Enclosures: Updated Cost Estimate for Closure, Post Closure, and Corrective Action
Copy of Latest Published Table 1.1.9
Copy of Basis for Inflation Factor

cc: **UPS Tracking Number** **1Z 693 661 03 9665 2393**
Chief, RCRA Corrective Action and Permits Branch; Air, RCRA and Toxics Division, U.S.
Environmental Protection Agency – Region VII, Kansas City, Kansas
(2 copies w/attachments)

UPS Tracking Number **1Z 693 661 03 9793 6423**
Mr. Everett Spellman, KDHE w/attachments

UPS Tracking Number **1Z 693 661 03 9914 1813**
Mr. Brian Busby, KDHE w/attachments

Closure, Post-Closure, and Corrective Action Cost Estimate - 2014
Koch Nitrogen Company, LLC

ID# KSD044625010

TASK	COST	CLOSURE	POST-CLOSURE
Groundwater Monitoring			
Sample Collection (Labor)			
Quarterly (25 wells)	\$23,280		
Semi Annual (13 wells)	\$4,813		
Residential (10 wells)	\$3,467		\$31,561
Sample Analysis			
Quarterly Chrome/Nitrate (25 wells)	\$4,813		
Semi Annual Chrome/Nitrate (13 wells)	\$1,289		
Semi Annual VOC samples (7 wells)	\$2,210		
Residential (10 wells)	\$2,063		\$10,375
Sample Shipment	\$982		\$982
Semi-Annual Reporting	\$15,226		\$15,226
Well Maintenance			
Mowing	\$2,456		
Well Cap Replacement	\$1,154		
Maintenance and Equipment Replacement	\$2,456		
Monitoring Well Replacement	\$3,070		\$9,135
			Annual Groundwater Monitoring
			\$67,280
			30-YEAR GROUNDWATER MONITORING
			\$2,018,389
Remedial System			
Recovery Well Operation (66 wells)			
Electricity Costs	\$31,974		
Maintenance (pump/well)	\$6,139		
Inspection Costs	\$6,139		
Recovery Well Replacement	\$3,070		
Pipeline Maintenance	\$1,842		
Storage Tank Maintenance	\$2,456		
Storage Tank Inspection	\$2,947		
Sludge Disposal	\$1,228		
Semi Annual Reporting	\$2,456		\$58,250
Pre-Disposal Pipeline			
Pipeline Maintenance (pump, pH control system)	\$2,456		
Durco/Final Filter	\$6,139		
Inspection Costs	\$6,139		\$14,734
Disposal Well Operation (2 ICDWs)			
Annual Fall-off Test	\$12,279		
Mechanical Integrity Test (MIT - Internal/External)	\$2,947		
Inspection Costs – Labor	\$22,409		
Operation Monitoring – Analytical	\$3,684		
Reporting	\$12,279		
Routine Maintenance	\$6,139		
Repermitting	\$3,684		
Workover (as needed, may only be once every 10 yrs)	\$12,279		\$75,698
			Annual Remedial System Operation
			\$148,682
			30-YEAR REMEDIAL SYSTEM OPERATION
			\$4,460,466

Chrome Destruct Unit (Closure/Post-Closure)

Closure			
Structure Sampling	\$9,842		
Removal Requirements	\$2,296		
Subsurface Soil Sampling	\$21,846		
Excavation	\$90,317		
Certification Sampling	\$1,985		
Final Report	\$13,875		
Ground Water Sampling	\$0		
See Closure Cost Estimate	\$140,161		
	TOTAL CDU CLOSURE	\$140,161	
Post-Closure Monitoring			
Inspection Costs	\$208		
Reporting	\$612		
Maintenance	\$490		\$1,309
	Annual Post-Closure Care		
Post-Closure Certification (one time expense)	\$3,671		
	30-YEAR CDU POST-CLOSURE CARE		\$42,956
SUBTOTALS		\$140,161	\$6,521,811
	Contingency Cost (10%)	\$14,016	\$652,181
TOTALS		\$154,177	\$7,173,992
GRAND TOTAL	\$7,328,169		
2013 Total	\$7,219,128		
Difference	\$109,041		

Federal Insurance Company
15 Mountain View Road
Warren, NJ 07059

Surety Bond Number : 8187607

Table 1.1.9. Implicit Price Deflators for Gross Domestic Product

[Index numbers, 2009=100]

Last Revised on: March 27, 2014 - Next Release Date April 30, 2014

Line		2011	2012	2013
1	Gross domestic product	103.199	105.002	106.588
2	Personal consumption expenditures	104.086	106.009	107.212
3	Goods	105.345	106.666	106.187
4	Durable goods	97.649	96.467	94.729
5	Nondurable goods	109.128	111.765	111.993
6	Services	103.463	105.689	107.753
7	Gross private domestic investment	100.336	101.608	104.039
8	Fixed investment	100.506	101.852	103.767
9	Nonresidential	100.524	101.977	103.160
10	Structures	101.748	103.732	106.925
11	Equipment	98.928	100.187	100.565
12	Intellectual property products	101.788	103.167	104.190
13	Residential	100.392	101.246	106.220
14	Change in private inventories	---	---	---
15	Net exports of goods and services	---	---	---
16	Exports	111.140	112.185	112.430
17	Goods	113.013	113.508	113.139
18	Services	107.039	109.312	110.901
19	Imports	114.273	114.862	113.823
20	Goods	116.178	116.855	115.480
21	Services	105.713	105.895	106.390
22	Government consumption expenditures and gross investment	105.560	106.882	107.889
23	Federal	105.344	106.184	107.643
24	National defense	105.191	106.252	107.800
25	Nondefense	105.624	106.077	107.382
26	State and local	105.710	107.371	108.073
	Addendum:			
27	Gross national product	103.322	105.126	106.710

Cost Updates with Deflator Factors:

- The Bureau of Economic Analysis (BEA) site at <http://www.bea.gov/> publishes tables of the economic indicators.
 - The methodology described in 40 CFR §§ 264.142 & 264.144 requires the use of the most recent published "implicit price deflators" (IPDs).
 - The inflation factor required by the regulation is derived from the latest published annual IPD divided by the IDP for the previous year.
 - The IDPs are available in "List of selected NIPA Tables" in Table 1.1.9. Use the most recent published table.
 - Use Line 1, GDP
 - Take ratio of latest annual IDP to the IDP for the previous year. For example in 2012, the ratio is 2011 IPD/2010 IPD.
 - Use this ratio as the multiplier for the elements in the estimate to be updated.

Per conversation with Brian Busby, KDHE, on 4/13/10, the Gross Domestic Product is a more accurate measure of inflation than the Gross National Product as stated in EPA guidance

This will provide the factors that meet the wording of 40 CFR 264.142 and .144 and direction from KDHE.

NIPA Table 1.1.9. Implicit Price Deflators for Gross Domestic Product

Annual -->	2012	2013	Quarter -->	IV - 2012	IV - 2013
Gross domestic product	105.002	106.588	Gross domestic product	105.667	107.197
Ratio 2013/2012	1.015104		Ratio 4Q2013/4Q2012	1.014479	