

**BEFORE THE HEARING BOARD
OF THE
SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
SOUTHERN REGION
STATE OF CALIFORNIA**

In the matter of:

California Dairies Inc. - Tipton
2000 N Plaza Drive
Visalia, CA 93291

) **DOCKET No. S-26-09S**

) **ORDER GRANTING A
SHORT VARIANCE**

For a variance from:

2010 – *Permits Required*
2070 – *Operation according to the
Permit to Operate Conditions*
2201 – *New and Modified Stationary
Source Review*
2520 – *Federally Mandated Operating
Permits*
4001 – *New Source Performance Standards*
4703 – *Stationary Gas Turbines*

District Permit Number:

See Conclusions and Order

) **Granted on:** June 17, 2026

) **Effective from:** June 24, 2026

EPA AIRS Numbers:

06-107-S1346

) **Effective to:** September 21, 2026

On May 18, 2026, California Dairies Inc. - Tipton (CDI) filed with the Southern Region Hearing Board a petition for a short variance. An interim variance was not required. Notice of the short variance petition and the hearing were given for at least ten days prior to the hearing. CRPC requested that the Hearing Board grant a short variance from San Joaquin Valley Air Pollution Control District (District) Rules 2010, 2070, 2201, 2520, 4001 and 4703.

On June 17, 2026, a hearing on the petition for short variance was held. Carlos Esquivel represented CDI, while Shannon Moore represented the District. All persons, including the public, were given the opportunity to give testimony or make comment.

The Hearing Board declared the hearing closed after receiving testimony and took the matter under submission for the decision. The Hearing Board made the following findings of fact.

LOCATION AND EQUIPMENT

1. CDI is a dairy processing facility that receives raw milk and processes it into non-fat dry milk and other milk products.
2. The subject equipment includes a 4.6 MW Solar Turbine Centaur 50S natural gas fired combustion turbine cogeneration unit (Cogen).
3. Operation of the subject equipment is authorized by duly issued District permits.

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BACKGROUND

California Dairies Inc. – Tipton (CDI) operates a Solar Turbine Centaur 50S natural gas fired combustion turbine cogeneration unit (Cogen). The Cogen powers a 4.6 MW electric generator that provides power to the facility and produces high pressure steam that is used in the milk drying process. CDI is required by District Rules and the facilities permit conditions to source test the Cogen at least once every twelve months to demonstrate compliance with permitted emissions limits.

CDI recently made some changes to how the Tipton facility operates. In the past they used a large boiler to produce high pressure steam for the milk drying process. After the boiler was decommissioned, CDI modified the Cogen to produce the high pressure steam they need. CDI typically shuts down the Cogen each year to conduct maintenance before their annual source test, which is due in May. Unfortunately, the source test occurs during the Spring milk flush which is one of the busiest times of the year. Since this is the first year the Cogen has been used in the milk drying process CDI is petitioning to postpone the source test until August, which will also establish a new annual testing date that better aligns with the Tipton facility operation going forward. If the petition is not granted CDI would be forced to shut down to complete the maintenance and testing which would result in the loss of approximately 100 tanker loads of milk with an estimated value of \$1,000,000.00. During the variance period CDI will continue to operate the Cogen in compliance with the conditions of the permit.

RULE REQUIREMENTS AND VIOLATIONS

1. The equipment subject to this variance is regulated by the following District Rules:
 - A. 1080 – *Stack Monitoring*
 - B. 2070 – *Standards for Granting Applications*
 - C. 2201 – *New and Modified Stationary Source Review Rule*
 - D. 2520 – *Federally Mandated Operating Permits*
 - E. 4001 – *New Source Performance Standards*
 - F. 4703 – *Stationary Gas Turbines*
2. District Rules 1080, 2070, 2201 and 2520 require that the subject equipment be operated in accordance with conditions specified in the applicable permits. District Rules 4001 and 4703 establish requirements for monitoring emissions

FINDINGS OF FACT

Pursuant to California Health & Safety Code § 42352, the following findings have been made:

1. ***That the petitioner for a variance is, or will be, in violation of Section 41701 or of any rule, regulation, or order of the District.***

The Hearing Board finds that when CDI continues to operate the Cogen without conducting an annual source test it will result in a violation of the applicable requirements of District Rules 1080, 2070, 2201, 2520, 4001, and 4703, in addition to applicable conditions of the subject permits.

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2. ***That, due to conditions beyond the reasonable control of the petitioner, requiring compliance would result in either (1) an arbitrary or unreasonable taking of property, or (2) the practical closing and elimination of a lawful business.***

The Hearing Board finds that even if CDI could anticipate that converting the Cogen to milk drying would interrupt business during the Spring milk flush, it is beyond their control to change the Cogen source test date to a better time. It would be unreasonable to force CDI to shut down when they only want to postpone the test. A shut down would force them to lose approximately 100 tanker loads of milk, with an estimated value of \$1,000,000.00

3. ***That the closing or taking would be without a corresponding benefit in reducing air contaminants.***

The Hearing Board finds that there will be no excess emissions associated with this variance. Therefore, the closing or taking would not have a corresponding benefit in reducing air contaminants.

4. ***That the applicant for the variance has given consideration to curtailing operations of the source in lieu of obtaining a variance.***

The Hearing Board finds that curtailing operations is not an option since CDI needs to continue processing milk during the Spring rush. However, CDI will continue to operate in compliance with their permit conditions during the variance period.

5. ***During the period the variance is in effect, that the applicant will reduce excess emissions to the maximum extent feasible.***

The Hearing Board finds that no excess emissions are expected to occur as a result of the variance activities, nor is any relief being sought from the applicable emission limits.

6. ***During the period the variance is in effect, that the applicant will monitor or otherwise quantify emission levels from the source, if requested to do so by the District, and report these emissions levels to the District pursuant to a schedule established by the District.***

The Hearing Board finds that no excess emissions will occur. During the variance period CDI will continue all monitoring and record keeping requirements and those records will be available to the District for review.

GENERAL COMMENTS

The Hearing Board also finds that a nuisance as defined in District Rule 4102 is not expected to occur as a result of this variance. Nor would continued operations likely create an immediate threat or hazard to public health or safety.

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It should be noted that the US Environmental Protection Agency (EPA), which monitors major sources, might not recognize this variance. CDI should be aware that the EPA could take enforcement action on this matter if it deems such action is appropriate.

CONCLUSIONS AND ORDER

NOW, THEREFORE, the SOUTHERN REGION HEARING BOARD ORDERS that a short variance be granted to CDI, subject to the following conditions:

1. The variance shall be effective from June 24, 2026, thru September 21, 2026, inclusive, or until CDI completes a source test of the Cogen unit, whichever occurs first.
2. Variance relief shall be granted from the applicable requirements of District Rules 1080, 2070, 2201, 2520, 4001, and 4703, in addition to the conditions of the listed conditions of the following permits:

S-1346-0-5
S-1346-24-6

Condition 4
Condition 20

3. The variance shall allow CDI to continue operating the Cogen (S-1346-24-6) without conducting a source test until August 2026.
4. There shall be no excess emissions over the duration of the variance period.
5. Notwithstanding the protection granted by this variance pending full certification, a failed source test will not be extended variance protection and the District may take enforcement action upon failure.
6. At the conclusion of this variance CDI must be in compliance with all permit conditions and applicable District Rules. If CDI will not achieve compliance prior to conclusion of this variance they must contact the District as soon as practicable and before the variance period ends.
7. A Federal Title V deviation report shall be submitted to the District within 10 days of discovery each time a Federal Title V permit condition is violated. The deviation report must be sent to the facility inspector.
8. Should the facility experience operational conditions likely to cause a public nuisance, CDI shall cease the operations causing the nuisance and take all necessary actions to abate the problem immediately.
9. By October 6, 2026, or no later than 15 calendar days after the source testing is completed, CDI shall submit to the District a summary report. If the report due date should fall on a day the District is closed, it shall be due the next business day. The report shall include the following:
 - A. A detailed summary of all activities performed during the variance period,
 - B. The date the source test was conducted,

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- C. The required certification of truth, accuracy, and completeness, signed by the designated responsible official, as required by sections 9.13.1 and 10.0 of District Rule 2520 – *Federally Mandated Operating Permits*.

10. The end of variance summary report shall be submitted to the attention of:

Shannon Moore
SJVAPCD, Compliance Department
1990 East Gettysburg Avenue
Fresno, CA 93726
Telephone: (559) 230-5874
E-mail: shannon.moore@valleyair.org

11. Failure to comply with any condition of this variance may render the variance null and void with the possibility of enforcement action taken that may include monetary penalties.

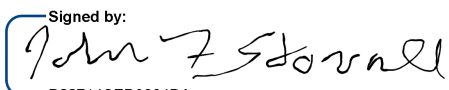
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MOTION: Weber

SECOND: Penner

Ayes: Stovall, Weber, Penner
Noes: None
Abstained: None
Recused: None
Absent: Dr. Na

THE FOREGOING DECISION IS APPROVED:

Signed by:


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John Stovall, Chair
Hearing Board – Southern Region
San Joaquin Valley APCD

6/22/2026

Date

ATTEST:

Signed by:


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Katrina Rojas, Deputy Clerk to the Boards

6/23/2026

Date