



MAY 04 2011

Chris Savage
E&J Gallo Winery-Brandy
P.O. Box 1130
Modesto, CA 95356

Re: Notice of Preliminary Decision - Emission Reduction Credits
Project Number: N-1073878

Dear Mr. Savage:

Enclosed for your review and comment is the District's analysis of E&J Gallo Winery-Brandy's application for Emission Reduction Credits (ERCs) resulting from installation of a regenerative thermal oxidizer on a brandy aging warehouse, at 200 Yosemite Blvd in Modesto. The quantity of ERCs proposed for banking is 18,000 lb-VOC 1st Quarter, 18,000 lb-VOC 2nd Quarter, 27,000 lb-VOC 3rd Quarter and 27,000 lb-VOC 4th Quarter.

The notice of preliminary decision for this project will be published approximately three days from the date of this letter. Please submit your written comments on this project within the 30-day public comment period which begins on the date of publication of the public notice.

Thank you for your cooperation in this matter. If you have any questions regarding this matter, please contact Mr. Dennis Roberts of Permit Services at (559) 230-5919.

Sincerely,

David Warner
Director of Permit Services

DW:dr

Enclosures

Seyed Sadredin
Executive Director/Air Pollution Control Officer

Northern Region
4800 Enterprise Way
Modesto, CA 95356-8718
Tel: (209) 557-6400 FAX: (209) 557-6475

Central Region (Main Office)
1990 E. Gettysburg Avenue
Fresno, CA 93726-0244
Tel: (559) 230-6000 FAX: (559) 230-6061

Southern Region
34946 Flyover Court
Bakersfield, CA 93308-9725
Tel: 661-392-5500 FAX: 661-392-5585



MAY 04 2011

Mike Tollstrup, Chief
Project Assessment Branch
Stationary Source Division
California Air Resources Board
PO Box 2815
Sacramento, CA 95812-2815

Re: Notice of Preliminary Decision - Emission Reduction Credits
Project Number: N-1073878

Dear Mr. Tollstrup:

Enclosed for your review and comment is the District's analysis of E&J Gallo Winery-Brandy's application for Emission Reduction Credits (ERCs) resulting from installation of a regenerative thermal oxidizer on a brandy aging warehouse, at 200 Yosemite Blvd in Modesto. The quantity of ERCs proposed for banking is 18,000 lb-VOC 1st Quarter, 18,000 lb-VOC 2nd Quarter, 27,000 lb-VOC 3rd Quarter and 27,000 lb-VOC 4th Quarter.

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MAY 04 2011

Gerardo C. Rios (AIR 3)
Chief, Permits Office
Air Division
U.S. E.P.A. - Region IX
75 Hawthorne Street
San Francisco, CA 94105

**Re: Notice of Preliminary Decision - Emission Reduction Credits
Project Number: N-1073878**

Dear Mr. Rios:

Enclosed for your review and comment is the District's analysis of E&J Gallo Winery-Brandy's application for Emission Reduction Credits (ERCs) resulting from installation of a regenerative thermal oxidizer on a brandy aging warehouse, at 200 Yosemite Blvd in Modesto. The quantity of ERCs proposed for banking is 18,000 lb-VOC 1st Quarter, 18,000 lb-VOC 2nd Quarter, 27,000 lb-VOC 3rd Quarter and 27,000 lb-VOC 4th Quarter.

The notice of preliminary decision for this project will be published approximately three days from the date of this letter. Please submit your written comments on this project within the 30-day public comment period which begins on the date of publication of the public notice.

Thank you for your cooperation in this matter. If you have any questions regarding this matter, please contact Mr. Dennis Roberts of Permit Services at (559) 230-5919.

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Modesto Bee
Modesto Bee

**NOTICE OF PRELIMINARY DECISION
FOR THE PROPOSED ISSUANCE OF
EMISSION REDUCTION CREDITS**

NOTICE IS HEREBY GIVEN that the San Joaquin Valley Unified Air Pollution Control District solicits public comment on the proposed issuance of Emission Reduction Credits to E&J Gallo Winery-Brandy for installation of a regenerative thermal oxidizer on a brandy aging warehouse, at 200 Yosemite Blvd in Modesto. The quantity of ERCs proposed for banking is 18,000 lb-VOC 1st Quarter, 18,000 lb-VOC 2nd Quarter, 27,000 lb-VOC 3rd Quarter and 27,000 lb-VOC 4th Quarter.

The analysis of the regulatory basis for this proposed action, Project #N-1073878, is available for public inspection at http://www.valleyair.org/notices/public_notices_idx.htm and the District office at the address below. Written comments on this project must be submitted within 30 days of the publication date of this notice to **DAVID WARNER, DIRECTOR OF PERMIT SERVICES, SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT, 1990 EAST GETTYSBURG AVENUE, FRESNO, CA 93726.**

San Joaquin Valley Air Pollution Control District
ERC Application Preliminary Review
VOC Controls on Brandy Aging

Facility Name:	E&J Gallo Winery - Brandy	Date:	April 28, 2011
Mailing Address:	P.O. Box 1130 Modesto, CA 95356	Engineer:	Dennis Roberts
Contact Person:	Chris Savage	Lead Engineer:	Martin Keast
Telephone:	(209) 341-7402		
Project #:	N-1073878		
Submitted:	October 1, 2007		
Deemed Complete:	April 19, 2011		

I. Summary:

The primary business of this facility is the production of wine and spirits. E&J Gallo Winery - Brandy has installed a VOC control system on its brandy aging operation which became operational on May 4, 2007. A copy of the current PTO which reflects the installed control system is included in Appendix A. Although an application to bank a portion of the emission reductions as Emission Reduction Credits (ERCs) was submitted on October 1, 2007, review of the current permit indicates that the enforceable conditions which require operation of the control system were not permanent until May 3, 2010, which resulted in the District delaying consideration of the ERC banking action until after that date.

The total emission reduction achieved by the project currently resides in the facility's 3-year compliance plan for District Rule 4694, providing Certified Emission Reductions (CERs) pursuant to that rule. Since Section 6.1.7 of Rule 4694 specifies that ERCs cannot be used to satisfy the Required Annual Emission Reductions of that rule, any ERCs banked by this project will be deducted from the balance of CERs currently held by the facility.

II. Applicable Rules:

Rule 2201 New and Modified Stationary Source Review Rule (9/21/06)
Rule 2301 Emission Reduction Credit Banking (12/17/92)

III. Location of Reduction:

The physical location of the equipment involved with this application is at 200 Yosemite Blvd in Modesto, CA.

IV. Method of Generating Reductions:

The aging of brandy results in evaporative VOC emissions due to loss of ethanol from the oak barrels used. The emissions reduction is generated by modification of the existing brandy aging operation to age the brandy by placing the barrels in a Permanent Total Enclosure per the criteria of EPA Method 204, controlled by a 98% efficient regenerative thermal oxidizer system.

V. Calculations:

A. Assumptions and Emission Factors

Basis and Assumptions:

- One proof-gallon (PG) = One gallon brandy with 50% ethanol (100 proof) at 60 °F
- As shown below, EtOH content in one PG = 3.31 lb-EtOH/PG
 $1.00 \text{ PG} \times 0.50 \text{ gal EtOH/PG} \times 6.6097 \text{ lb-EtOH/gal EtOH} = 3.31 \text{ lb-EtOH/PG}$
- Per the current permit, annual evaporative emissions from the operation are limited to 123,271 lb-VOC per year (see Appendix A).
- The unit is equipped with a single thermal oxidizer. The thermal oxidizer potentially operates 8,760 hours per year. Firing capacity for the unit is 4.0 MMBtu/hr.

Emission Factors:

The VOC emission factor for combustion of natural gas in the thermal oxidizer is listed in the table below.

Pollutant	Emission Factors	Source
VOC	0.0055	AP-42 (07/98) Table 1.4-2

B. Baseline Period Determination and Data

- The baseline period consists of two years immediately preceding the date of reduction, or at least two consecutive years within five years prior to the ERC application, if they are more representative of “normal source operation” (District Rule 2201, Section 3.8). For this project, the Baseline Period for evaluation of emission reductions is 2005-2006 (two years immediately preceding the date of reduction).
- Monthly inventory of brandy aging barrels in the aging operation for 2005-2006 is presented in Appendix B (per applicant records). Based on the records, quarterly averages for the Baseline Period are as follows:

Quarter	Warehouse Barrel Inventory	
	2005	2006
1	183,259	193,270
2	191,860	192,736
3	196,337	192,388
4	200,101	194,071

- Per the applicant's records, average annual ethanol loss (actual emissions) during the 2005-2006 were:

Year	Average Proof Gallons Ethanol Loss per Barrel Per Year	Average Proof Gallons Ethanol Loss per Barrel Per Quarter (calculated)
2005	1.46	0.36
2006	1.51	0.38

C. Historical Actual Emissions (HAE)

Historical Actual Emissions (HAE) are emissions having actually occurred and are calculated using process data and recognized emission factors, per Rule 2201, Section 3.21.

The HAE is calculated based on the average quarterly inventory of barrels held in the operation and the measured ethanol loss per barrel during the Baseline Period. The following table presents the loss in proof gallons from the uncontrolled aging operation during the Baseline Period:

Ethanol Losses During Baseline Period						
2005			2006			Baseline Period Average
Barrel Inventory	Quarterly Loss per Barrel PG/bbl	Quarterly Loss From Aging Operation PG	Barrel Inventory	Quarterly Loss per Barrel PG/bbl	Quarterly Loss From Aging Operation PG	Quarterly Loss From Aging Operation PG
183,259	0.36	65,973	193,270	0.38	73,443	69,708
191,860	0.36	69,070	192,736	0.38	73,240	71,155
196,337	0.36	70,681	192,388	0.38	73,107	71,894
200,101	0.36	72,036	194,071	0.38	73,747	72,892

The HAE is then calculated based on each proof gallon containing 3.31 lb-ethanol (VOC):

HAE						
Quarter	Quarterly PG Loss From Aging Operation PG		lb-VOC per PG		lb-VOC	Ton-VOC
1st Quarter	69,708	x	3.31	=	230,733	115.37
2nd Quarter	71,155	x	3.31	=	235,523	472.60
3rd Quarter	71,894	x	3.31	=	237,969	477.60
4th Quarter	72,892	x	3.31	=	241,273	467.70
Total					945,498	1,533.27

D. Adjustments to HAE

Pursuant to Section 3.22 of Rule 2201, Historical Actual Emissions must be discounted for any emissions reduction which is:

- required or encumbered by any laws, rules, regulations, agreements, orders, or
- attributed to a control measure noticed for workshop, or proposed or contained in a State Implementation Plan, or
- proposed in the District Air Quality Plan for attaining the annual reductions required by the California Clean Air Act.

Emissions Adjusted for Rule 4695 – Brandy Aging and Wine Aging Operations:

Rule 4695 was first noticed on January 29, 2007 in the draft 2007 ozone plan. Since the application for Authority to Construct for the emission reduction project was deemed complete on August 28, 2006, prior to the initial proposal of this rule, no adjustment is applicable pursuant to District Rule 2201, Section 3.2.2 .

Total Adjusted Historical Actual Emissions (HAE):

Since no adjustments of the HAE are applicable, the adjusted HAE is the same as the HAE:

Total Adjusted HAE		
Quarter	lb-VOC	Ton-VOC
1st Quarter	230,733	115.37
2nd Quarter	235,523	472.60
3rd Quarter	237,969	477.60
4th Quarter	241,273	467.70
Total	945,498	1,533.27

E. Actual Emissions Reductions (AER)

Per Rule 2201, Section 4.12, the Actual Emissions Reductions are: “the decrease of actual emissions, compared to the Baseline Period, from an emissions unit and selected for use as emission offsets or ERC banking”. Therefore, for this project, Actual Emission Reductions are the lesser of either HAE – PE2 or the requested amount of emissions for ERC banking.

HAE – PE2

PE2 for the brandy aging operation is the sum of the potential evaporative emissions from brandy aging plus the incremental emissions resulting from combustion of natural gas in the thermal oxidizers.

$$PE2 = PE2_{\text{evaporative}} + PE2_{\text{combustion}}$$

PE2_{evaporative} is based on the annual emission limit on the permit or,

$$PE2_{\text{evaporative}} = 123,271 \text{ lb-VOC/year (61.6 tons/yr) or } 30,818 \text{ lb-VOC/quarter}$$

PE2_{combustion} is the potential VOC emissions from operation of the thermal oxidizer. The rating for the thermal oxidizer is 4.0 MMBtu/hour. Since the oxidizer may operate up to 8,760 hours per year, the annual thermal rating is 8,760 x 4.0 = 35,040 MMBtu/year:

PE2 for Thermal Oxidizers						
Pollutant	Emission Factor lb/MMBtu	x	Annual Heat Input MMBtu	=	Annual Emissions lb	Quarterly Emissions lb (Annual Emissions/4)
VOC	0.0055	x	35,040	=	193	48

Therefore,

$$PE2 = PE2_{\text{evaporative}} + PE2_{\text{combustion}}$$

$$PE2 = 123,271 + 193 = 123,464 \text{ lb/year}$$

$$PE2 = 30,818 + 48 = 30,866 \text{ lb/quarter}$$

Then, HAE – PE2 is calculated in the following table:

HAE - PE2					
Quarter	HAE lb/qtr	-	PE2 lb/qtr	=	HAE - PE2 lb/qtr
1st	230,733	-	123,464	=	107,269
2nd	235,523	-	123,464	=	112,059
3rd	237,969	-	123,464	=	114,505
4th	241,273	-	123,464	=	117,809

AER is then determined in the following table as the lesser of HAE – PE2 or the requested banking amount:

AER Determination			
Quarter	HAE-PE2	Amount of Emissions Requested for ERC Banking	AER
1st	107,269	20,000	20,000
2nd	112,059	20,000	20,000
3rd	114,505	30,000	30,000
4th	117,809	30,000	30,000

F. Air Quality Improvement Deduction

The Air Quality Improvement Deduction (AQID) is 10% of the AER per Rule 2201, Sections 3.5 and 4.12.1, and is summarized as follows:

Air Quality Improvement Deduction (AQID)				
Pollutant	1 st Qtr. AQID (lb/qtr)	2 nd Qtr. AQID (lb/qtr)	3 rd Qtr. AQID (lb/qtr)	4 th Qtr. AQID (lb/qtr)
VOC	2,000	2,000	3,000	3,000

G. Bankable Emissions Reductions Credits

The bankable emissions reductions credits, presented in following table, are determined by subtraction of the Air Quality Improvement Deduction (discussed in Section V.F) from the AER.

Bankable Emissions Reductions Credits (ERCs)				
Pollutant	1 st Qtr ERCs (lb/qtr)	2 nd Qtr ERCs (lb/qtr)	3 rd Qtr ERCs (lb/qtr)	4 th Qtr ERCs (lb/qtr)
VOC	18,000	18,000	27,000	27,000

VI. Compliance:

To comply with the definition of Actual Emissions Reductions (Rule 2201, Section 3.2.1), the reductions must be:

A. Real

The emissions reductions were generated by the installation of a VOC control system on an existing brandy aging operation. The control system has been fully implemented

and its performance and compliance with the permit confirmed by source testing. The emissions reductions were calculated from actual historic production barrel inventories and measured ethanol losses. Therefore, the allowed reductions are real.

B. Enforceable

The emission reductions reflect emission limits from the valid Permit to Operate for this unit. Therefore, the reductions are enforceable.

C. Quantifiable

Reduction amounts were calculated from historic inventories and measured barrel losses according to District Rule 2201. Therefore, the reductions are quantifiable.

D. Permanent

The emission unit continues to operate under a permanent Permit to Operate. All other brandy aging operations owned by the applicant which are located in the District are either equipped or are scheduled to be equipped with emission controls with the same collection and control efficiency as the controls on permit unit N-7478-2. Therefore, emissions reductions in this project are permanent.

E. Surplus

To be considered surplus, Actual Emission Reductions shall be in excess, at the time the application for an Emission Reduction Credit or an Authority to Construct authorizing such reductions is deemed complete, of any emissions reduction which:

- Is required or encumbered by any laws, rules, regulations, agreements, orders, or

At the time that the application for the Authority to Construct for this emission reduction project was deemed complete, there were no laws, rules, regulations, agreements or orders pertaining to the reduction of emissions from brandy aging operations which were applicable to this unit.

- Is attributed to a control measure noticed for workshop, or proposed or contained in a State Implementation Plan, or

At the time that the application for the Authority to Construct for this emission reduction project was deemed complete, no control measure for brandy aging had been noticed, proposed or incorporated into a State Implementation Plan.

- Is proposed in the APCO's adopted air quality plan pursuant to the California Clean Air Act.

At the time that the application for the Authority to Construct for this emission reduction project was deemed complete, no control measure for brandy aging had

been proposed in the APCO's adopted air quality plan pursuant to the California Clean Air Act.

Implementation of the emission reduction project for this brandy aging operation was voluntary and not required by any law, rule, agreement, or regulation. These ERCs are not needed for their current or proposed operations. Therefore, the reductions are surplus.

F. Not used for the Approval of an Authority to Construct or as Offsets

The emission reduction credits generated by the implementation of a VOC control system on the brandy aging operation were not used for the approval of any Authority to Construct or as offsets.

G. Timely submittal

Section 5.5 of Rule 2301 – Emissions Reduction Credit Banking (12/17/92) states that ERC certificate applications for reductions shall be submitted within 180 days after the emission reduction occurs. The ERC application was received on October 1, 2007. Initial operation of the VOC control system was May 4, 2007. Therefore, the application was submitted in a timely fashion.

VII. Recommendation:

I recommend based on the preceding analysis that Emission Reduction Credit Certificates be issued.

Pending a successful Public Noticing period, issue Emission Reduction Credit Certificate N-964-1 to E&J Gallo Winery-Brandy for the following applicable amounts (see Attachment C).

Summary of ERC Amounts	
	VOC
ERC Number	S-3442
1st Quarter	18,000
2nd Quarter	18,000
3rd Quarter	27,000
4th Quarter	27,000

List of Appendixes

- A: Permit to Operate
- B: Annual Records
- C: Draft ERC Certificate N-964-1

Appendix A

Permit to Operate
N-7478-2-2

San Joaquin Valley Air Pollution Control District

PERMIT UNIT: N-7478-2-2

EXPIRATION DATE: 10/31/2011

EQUIPMENT DESCRIPTION:

222,302 BARREL CAPACITY BRANDY STORAGE AND AGING OPERATION (WAREHOUSES D-1, D-2, F, & G) SERVED BY A 4.0 MMBTU/HR ANGUIL ENVIRONMENTAL SYSTEMS MODEL 150 REGENERATIVE THERMAL OXIDIZER (RTO)

PERMIT UNIT REQUIREMENTS

1. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]
2. No air contaminant shall be discharged into the atmosphere for a period or periods aggregating more than three minutes in any one hour which is as dark as, or darker than, Ringelmann 1 or 20% opacity. [District Rule 4101] Federally Enforceable Through Title V Permit
3. Particulate matter emissions shall not exceed 0.1 grains/dscf in concentration. [District Rule 4201] Federally Enforceable Through Title V Permit
4. All brandy storage and aging operations at this facility shall only be performed in the warehouses listed in permit units N-7478-1 or N-7478-2. [District NSR Rule] Federally Enforceable Through Title V Permit
5. Within 36 months after initial startup of the VOC control system, this facility may elect to discontinue use of the VOC control system by giving written notice to the District. Such notice shall be given no less than 30 days prior to the planned discontinuance of operation of the system. Upon such notice, the District will administratively revise the permit conditions as noted to allow operation without a VOC control device. [District NSR Rule] Federally Enforceable Through Title V Permit
6. Only natural gas shall be used as fuel for the combustion of VOC. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
7. The brandy storage enclosures and regenerative thermal oxidation system shall be maintained in proper operating condition at all times. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
8. The VOC control system shall remain in operation at all times except for periods of routine maintenance which require shutdown. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
9. The facility shall notify the District of any occurrence which constitutes a breakdown condition of the VOC control system pursuant to District Rule 1100. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule and District Rule 1100] Federally Enforceable Through Title V Permit
10. Manway access doors are defined as doors with a maximum opening of 21 square feet, intended solely for occasional personnel access to the warehouse for maintenance or monitoring activities. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

These terms and conditions are part of the Facility-wide Permit to Operate.

11. Non-manway access doors are defined as openings equipped with roll-up doors which are required to allow routine movement of brandy into and out of the warehouse or for warehouse access with wheeled and motorized maintenance equipment. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
12. All openings in the warehouse enclosures which may be opened during "normal operation" of the VOC control system and which do not qualify as manway access doors or non-manway access doors shall be considered to be Natural Draft Openings (NDO) for purposes of certification of the enclosure as a Permanent Total Enclosure pursuant to U.S. EPA Method 204. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
13. "Normal operation" is defined for each warehouse building enclosure as operation with the enclosure meeting the minimum requirements for a permanent total enclosure pursuant to EPA Method 204 (with the fan inlet pressure operating with a vacuum at or higher than the minimum allowed vacuum, all non-manway access doors closed and the emergency ventilation system turned off) and the regenerative thermal oxidizer system fully operational with the combustion chamber temperature at or above 1500 degrees F. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
14. The facility shall be equipped with a continuous monitoring system to monitor, at a minimum, the status of the fan inlet pressure control, all non-manway access doors, the emergency vent system, and the combustion chamber temperature. Actual hours of "normal operation" shall be continuously and automatically monitored and recorded for each warehouse building enclosure. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
15. The proposed design and details of the continuous monitoring system shall be submitted for District approval prior to start of construction. [District Rule 1080] Federally Enforceable Through Title V Permit
16. Warehouses D-1, D-2, F and G shall be certified and maintained as Permanent Total Enclosures (PTE) pursuant to U.S. EPA Method 204. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
17. Certification of warehouse buildings D-1, D-2, F and G as Permanent Total Enclosures shall be performed by a District-approved independent certifying entity. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
18. Certification of warehouse buildings D-1, D-2, F and G as Permanent Total Enclosures pursuant to U. S. EPA Method 204 shall be conducted concurrently with the initial source testing (within 90 days of initial startup) and the associated test report shall be submitted to the District within 60 days thereafter. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
19. Warehouse buildings D-1, D-2, F and G shall be re-certified as a Permanent Total Enclosures pursuant to U. S. EPA Method 204 and the certification submitted to the District within 60 days after any modification that materially affects the enclosure status of the warehouses. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
20. Each manway access door shall be equipped with an automatic closure device to minimize the time that the door is open. Manway access doors shall be opened only as required for access to or exit from the enclosure, minimizing the duration of the opening, and shall not be propped open. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

These terms and conditions are part of the Facility-wide Permit to Operate.

21. Each non-manway access opening shall be equipped with a motor-actuated door and controls which will minimize the time the door remains open during access and exit and shall be integrated with the continuous monitoring system to record the time periods that the door is open. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule and District Rule 1080] Federally Enforceable Through Title V Permit
22. The emergency ventilation system serving each warehouse building enclosure shall be equipped with a continuous device integrated with the facility's continuous monitoring system which continuously records the time periods during which the system is activated. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule and District Rule 1080] Federally Enforceable Through Title V Permit
23. A minimum allowable vacuum at the fan inlet pressure control point, adequate to ensure maintenance of a continuous negative pressure on all warehouse storage enclosures as required to simultaneously qualify all enclosures as Permanent Total Enclosures pursuant to EPA Method 204, shall be demonstrated, established, and recorded at startup. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule and District Rule 1080] Federally Enforceable Through Title V Permit
24. The fan inlet pressure control point shall be equipped with a continuous pressure monitor integrated with the facility's continuous monitoring system to continuously record the actual fan inlet vacuum. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule and District Rule 1080] Federally Enforceable Through Title V Permit
25. The measured vacuum at the fan inlet pressure control point shall not be less than the established minimum allowable vacuum during "normal operation". This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
26. Each month the facility shall demonstrate that control of the ID fan inlet pressure at or above the established minimum allowable vacuum is adequate to simultaneously maintain the qualification of all enclosures (buildings D-1, D-2, F, and G) as Permanent Total Enclosures pursuant to EPA Method 204 by manually measuring and recording facial velocity at the test port opening on each warehouse building enclosure and confirming a minimum facial velocity of 200 feet per minute at each port. If a velocity less than 200 feet per minute is determined, operating adjustments shall be made as required to increase the measured facial velocity to 200 feet per minute within 24 hours of the initial measurement. If the permittee is unable to demonstrate a minimum facial velocity of 200 feet per minute within 48 hours after initial measurement, permittee shall notify the APCO within 72 hours of the initial measurement. After 12 consecutive months of demonstrating the adequacy of the established minimum allowable vacuum, the monitoring frequency can be reduced to once per quarter per warehouse building enclosure. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
27. The induced draft fan and RTO serving the warehouse building enclosures shall be adequately sized to simultaneously maintain "normal operation" for all warehouse building enclosures during periods of maximum brandy loss from the storage and aging operation. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
28. Except for emergency conditions, the emergency roof fans shall remain off and the associated air admission dampers shall remain closed. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

These terms and conditions are part of the Facility-wide Permit to Operate.

29. An "emergency condition", as required to justify operation of the emergency roof fans, is defined as any time during which the atmosphere inside the warehouse exceeds 25% of the Lower Explosive Limit (LEL) or whenever immediate venting is required to protect personnel or the facility from imminent harm. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
30. The regenerative thermal oxidizer shall be equipped with an operational temperature gauge to indicate the temperature of the combustion chamber. A continuously recording device integrated with the facility's continuous monitoring system shall be utilized to indicate the combustion chamber temperature during operation. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule and District Rule 1080] Federally Enforceable Through Title V Permit
31. The regenerative thermal oxidizer shall operate with a combustion chamber temperature of not less than 1500 F. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
32. The VOC destruction efficiency of the regenerative thermal oxidizer shall not be less than 98%. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
33. Routine scheduled maintenance which requires shutdown of the regenerative thermal oxidizer shall not be performed during the months of July, August, or September without prior written approval of the District. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
34. Total annual evaporative emissions from brandy shall not exceed 123,271 lb-VOC/year. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
35. For any calendar year, total evaporative brandy VOC emissions shall be quantified by the sum of the evaporative brandy VOC emissions emitted to the atmosphere from each warehouse building enclosure. Evaporative losses from each warehouse building enclosure shall be calculated by the following formula: Evaporative Brandy VOC Emissions (tons/year-enclosure) = Uncontrolled Emissions (tons/year-enclosure) x Control Factor. Uncontrolled Emissions = the average enclosure inventory for the calendar year (bbls/enclosure) x the measured brandy loss per barrel for the calendar year in the enclosure (PG/bbl-year) x 3.31 lb-VOC/PG. The Control Factor for the calendar year = $(8,760 - 0.98 \times H) / 8,760$, where H is hours of "normal operation" for the enclosure (as defined in this permit) recorded for the calendar year. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
36. VOC emissions from the exhaust of the regenerative thermal oxidizer shall not exceed 100.7 lb/day during "normal operation". This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
37. The emissions from the combustion of natural gas shall not exceed any of the following limits: 0.1 lb-NO_x/MMBtu, 0.084 lb-CO/MMBtu, 0.0076 lb-PM₁₀/MMBtu, 0.0055 lb-VOC/MMBtu, or 0.00285 lb-SO_x/MMBtu. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

These terms and conditions are part of the Facility-wide Permit to Operate.

38. Source testing shall be conducted using the methods and procedures approved by the District. The District must be notified at least 30 days prior to any compliance source test, and a source test plan must be submitted for approval at least 15 days prior to testing. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District Rule 1081] Federally Enforceable Through Title V Permit
39. The results of each source test shall be submitted to the District within 60 days thereafter. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District Rule 1081] Federally Enforceable Through Title V Permit
40. This unit shall be tested for compliance with VOC emissions limits at least once every 12 months. After demonstrating compliance on two consecutive annual source tests, the unit shall be tested not less than once every thirty-six months. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
41. VOC emissions for source test purposes shall be determined using US EPA Method 25 or Method 18 or BAAQMD ST-32, except when the outlet concentration must be below 50 ppmv in order to meet the standard, in which case US EPA Method 25a may be used. VOC emissions during the source test shall be calculated as the arithmetic average of three 30-consecutive-minute test runs. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District Rule 1081] Federally Enforceable Through Title V Permit
42. Daily and annual records of the hours of operation shall be kept, indicating the time and duration of all periods of outage for the VOC control system including maintenance or emergency operations. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
43. Records shall be kept of all maintenance activities requiring a shutdown of the regenerative thermal oxidizer, including the maintenance activity, time and date of shutdown of the regenerative thermal oxidizer, and the duration of the shutdown. This condition may be deleted from the permit within 36 months of initial operation of the VOC control system upon written notification to the District of intent to discontinue operation of the VOC control system. [District NSR Rule] Federally Enforceable Through Title V Permit
44. Records of all required monitoring shall be maintained. [District NSR Rule] Federally Enforceable Through Title V Permit
45. Daily and annual records of the number of barrels in each warehouse building enclosure shall be kept. [District NSR Rule] Federally Enforceable Through Title V Permit
46. Records of all barrel filling and dumping operations shall be kept, recording the proof gallons placed into storage, the proof gallons removed from storage, the proof gallons lost while in storage and the date of each action. Annual summaries of all filling and dumping operations shall be maintained to allow annual determination of total proof-gallons lost from each warehouse building enclosure. All gauging of distilled spirits shall be in accordance with the methods and procedures of the Gauging Manual of the Alcohol and Tobacco Tax and Trade Bureau, Department of the Treasury (27 CFR 30). [District NSR Rule] Federally Enforceable Through Title V Permit
47. All records shall be retained for a minimum of five years, and shall be made available for District inspection upon request. [District NSR Rule] Federally Enforceable Through Title V Permit
48. Facilities N-3386 and N-7478 are the same stationary source. [District NSR Rule] Federally Enforceable Through Title V Permit

These terms and conditions are part of the Facility-wide Permit to Operate.

Appendix B
Annual Records

Brandy Barrel Warehouse Inventory - 2005

	Whse. J/K	Whse. D1/D2/G/F
Jan.	151,488	182,224
Feb.	152,253	182,017
March	150,750	185,536
April	148,059	189,057
May	144,342	193,177
June	144,378	193,348
July	147,915	192,664
Aug.	143,586	197,281
Sept.	142,758	199,066
Oct.	143,379	205,267
Nov.	143,586	196,834
Dec.	143,433	198,202
Total	1,755,927	2,304,773

Average Number of Filled Barrels Stored Per Month:

145,494	192,064
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Brandy Barrel Warehouse Inventory - 2006

	Whse. J/K	Whse. D1/D2/G/F
Jan.	146,421	195,151
Feb.	145,782	191,713
March	145,935	192,946
April	148,896	192,982
May	148,086	189,958
June	144,999	195,268
July	140,085	193,000
Aug.	135,495	191,848
Sept.	128,520	192,316
Oct.	124,758	195,646
Nov.	128,079	193,441
Dec.	124,272	193,126
Total	1,661,328	2,317,395

Average Number of Filled Barrels Stored Per Month:

137,611	193,116
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E & J VS BRANDY 2006 MASTER BLEND - BARREL DUMP AND BLEND SUMMARY

BLEND DUMP FILE NUMBERS 06-01 THROUGH 06-50

BOTTLING BLEND LOT NOS. BBL912ZZZ-02-2048 THRU BBL912ZZZ-03-2002

TYPE	GALLO LOT	NO. BBLs DUMPED	PG RETURN TO BLENDS	PG LOSS/ BBL/YEAR	TOTAL EQV 9L CASES	AVERAGE AGE	% TOTAL PG	PG LOSS
2003 GALLO-FRE/LIV	5040-53-0351	19,755	948,816.9	1.43	498,788	27.29	23.94%	
2003 GALLO-FRE/LIV	4340-53-0352	108	4,860.1	1.95	2,555	36.92	0.12%	
2002 GALLO-FRE/LIV	5055-73-0251	28,647	1,370,979.4	1.52	720,716	27.72	34.60%	
2002 GALLO-FRE/LIV	5055-73-0251B	378	18,401.6	1.41	35,004	30.26	0.46%	
2002 GALLO-FRE/LIV	4340-73-0252	7,884	370,016.7	1.48	194,516	31.72	9.34%	
2002 GALLO-FRE/LIV	4040-73-0253	18,990	890,247.9	1.48	467,998	36.89	22.47%	
2002 GALLO-FRE/LIV	3540-73-0259G	9	459	-0.22	241	32.15	0.01%	
2002 GALLO-FRE/LIV	3540-54-0259M	1,773	85,574.1	2.48	44,986	30.96	2.16%	
2001 GALLO-FRE/LIV	4340-53-0152	197	8,800.0	1.81	4,626	43.96	0.22%	
2001 GALLO-FRE/LIV	4040-53-0153	1,979	86,986.4	1.44	45,728	49.71	2.20%	
2000 GALLO-LIVINGSTON	5540-54-0154	2,331	105,765	1.65	55,600	46.06	2.67%	
2001 GALLO-LIVINGSTON	5840-65-0164	314	14,030.2	1.52	7,376	47.47	0.35%	
2001 GALLO-SUTTER HOME	5100-35-0171	359	15,877.10	1.43	8,347	40.09	0.40%	
2000 GALLO-FRE/LIV	4060-01-0052	396	17,309.9	1.35	9,100	57.02	0.44%	
2000 GALLO-FRE/LIV	5860-05-0063	503	22,102.0	1.44	11,619	54.06	0.56%	
Project 703	703	72	2,558.4	1.58	1,345	68.47	0.06%	
BARREL DUMP AND BLEND TOTALS		83,695	3,962,784.4	1.51	2,083,214	31.70	100.00%	333,522

E & J VSOP BRANDY 2006 MASTER BLEND - BARREL DUMP AND BLEND SUMMARY

BLEND DUMP FILE NUMBERS 06V01 THROUGH 05V22

BOTTLING BLEND LOT NOS. BBL904ZZZ-02-2010 THRU BBL904ZZZ-03-2004

TYPE	GALLO LOT	NO. BBLs DUMPED	PG RETURN TO BLENDS	PG LOSS/ BBL/YEAR	TOTAL EQV 9L CASES	AVERAGE AGE	% TOTAL PG	PG LOSS
2003 GALLO-FRE/LIV	5040-53-0351	1,329	64,851.1	1.55	34,092	29.00	4.00%	
2003 GALLO-FRE/LIV	5440-53-0355	2,757	134,094.6	1.39	70,493	28.32	8.27%	
2002 GALLO-FRE/LIV	5055-73-0251	3,492	166,887.0	1.60	87,732	28.32	10.29%	
2002 GALLO-FRE/LIV	4340-73-0252	5,427	255,947.3	1.41	134,550	32.51	15.79%	
2002 GALLO-FRE/LIV	4040-73-0253	1,809	85,680.0	1.35	45,042	33.71	5.28%	
2002 GALLO-FRE/LIV	3540-73-0259	15,741	745,443.1	1.43	391,875	32.55	45.98%	
2002 GALLO-FRE/LIV	3510-53-0259M	2,973	144,009.7	2.44	75,705	29.16	8.88%	
2001 GALLO-FRESNO	4640-53-0155	557	24,431.2	1.37	12,843	44.43	1.51%	
BARREL DUMP AND BLEND TOTALS		34,085	1,621,344.0	1.53	852,332	31.59	100.00%	137,243

E & J CASK AND CREAM 2006 BRANDY LEG - BARREL DUMP AND BLEND SUMMARY

BLEND DUMP FILE NUMBERS 06C01 AND 06C06

BOTTLING BLEND LOT NOS. CC_913ZZZ-03-2001 THRU CC_913ZZZ-03-2006

TYPE	GALLO LOT	NO. BBLs DUMPED	PG RETURN TO BLENDS	PG LOSS/ BBL/YEAR	TOTAL EQV 9L CASES	AVERAGE AGE	% TOTAL PG FROM BBLs	PG LOSS
2002 GALLO-FRE/LIV	5055-73-0251	378	18,183	1.65	9,558	26.78	17.42%	
2003 GALLO-FRESNO	4640-53-0357	458	21,976	1.63	11,553	27.82	21.05%	
2003 GALLO-FRE/LIV	5440-53-0355	1,323	64,241	1.41	33,771	27.20	61.53%	
BARREL DUMP AND BLEND TOTALS		2,159	104,399.1	1.49	54,882	27.26	100.00%	7,329

E & J XO BRANDY - 2006 BARREL DUMP AND BLEND SUMMARY

BLEND DUMP FILE NUMBER 06X01

BOTTLING BLEND LOT NO.BBL906ZZZ-96-2003

TYPE	GALLO LOT	NO. BBLs DUMPED	PG RETURN TO BLENDS	PG LOSS/ BBL/YEAR	TOTAL EQV 9L CASES	AVERAGE AGE	% TOTAL PG	PG LOSS
1990 GALLO-FRESNO	2900-03-9054	36	1181.4	1.21	621	182.27	1.17%	
1991 GALLO-FRESNO	6000-01-9154	27	674.6	1.42	355	171.52	0.67%	
1992 GALLO-LIVINGSTON	6000-02-9263	27	785.2	1.55	413	160.60	0.78%	
1993 GALLO-FRESNO	6000-01-9354	27	701.9	1.49	369	147.75	0.70%	
1995 GALLO-FRESNO	6000-03-9554	36	882.5	1.87	464	123.75	0.88%	
1997 GALLO-FRESNO	6000-04-9753	36	1098.7	3.31	578	99.98	1.09%	
1998 GALLO-FRESNO	6000-03-9854	36	1233.0	1.29	648	86.76	1.22%	
2000 GALLO-FRESNO	6000-01-0057	243	9124.2	1.19	4,797	58.26	9.05%	
2000 GALLO-LIVINSON	4900-05-0065	378	14281.8	1.13	7,508	62.63	14.17%	
2001 GALLO-LIVINGSTON	5600-67-0165	504	19334.4	1.16	10,164	48.57	19.18%	
BARREL DUMP AND BLEND TOTALS		1,401	50802.1	1.28		69.41		36.26

'E & J OVC FOR McCALL TANK- BARREL DUMP AND BLEND SUMMARY
GALLO LIVINGSTON 5000-03-8864

TYPE	GALLO LOT	NO. BBLs DUMPED	PG RETURN TO BLENDS	PG LOSS/ BBL/YEAR	TOTAL EQV 9L CASES	AVERAGE AGE	% TOTAL PG FROM BBLs
1989 GALLO-FRESNO	4300-02-8965	379	10,155	1.57	5,339	16.38	52.37%
1989 GALLO-LIVINGSTON	6000-02-8966	351	9,238	1.53	4,856	16	47.63%
BARREL DUMP AND BLEND TOTALS		730	19,393.0	1.55	10,195	16.42	100.00%

2006 E & J BRANDY PRODUCTS - BARREL DUMP AND BLEND GRAND TOTALS

TYPE	GALLO LOT	TOTAL BBLs DUMPED	TOTAL PG RECOVERY	PG LOSS/ BBL/YEAR	TOTAL EQV 9L CASES	AVERAGE AGE	% TOTAL PG DUMPED	PG/BBL RECVD
2003 GALLO-FRE/LIV	5440-53-0355	4,080	198,335	1.39	104,264	27.96	3.41%	48.61
2003 GALLO-FRE/LIV	4340-53-0352	108	4,860	1.95	2,555	36.92	0.08%	45.00
2003 GALLO-FRE/LIV	5040-53-0351	21,084	1,013,668	1.44	532,880	27.40	17.45%	48.08
2003 GALLO-FRE/LIV	4640-53-0357	458	21,976	1.63	11,553	27.82	0.38%	47.98
2002 GALLO-FRE/LIV	5055-73-0251	32,517	1,556,048.9	1.53	818,006	27.78	26.79%	47.85
2002 GALLO-FRE/LIV	5055-73-0251 B	378	18,401.6	1.41	35,004	30.26	0.32%	48.68
2002 GALLO-FRE/LIV	4340-73-0252	13,311	625,964.0	1.45	329,066	32.04	10.78%	47.03
2002 GALLO-FRESNO	4040-73-0253	20,799	975,927.9	1.47	513,040	36.61	16.80%	46.92
2002 GALLO-FRE/LIV	3540-73-0259	15,750	745,901.9	1.09	392,116	32.55	12.84%	47.36
2002 GALLO-FRE/LIV	3540-53-0259M	4,746	229,583.8	1.77	120,691	29.83	3.95%	48.37
2001 GALLO-SUTTER HOME	5100-35-0171	359	15,877.1	1.43	8,347	40.09	0.27%	44.23
2001 GALLO-FRE/LIV	4340-53-0152	197	8,800.0	1.81	4,626	43.96	0.15%	44.67
2001 GALLO-FRE/LIV	4040-53-0153	1,979	86,986.4	1.44	45,728	49.71	1.50%	43.95
2001 GALLO-LIVINGSTON	5540-54-0154	2,331	105,765	1.65	55,600	46.06	1.82%	45.37
2001 GALLO-FRESNO	4640-53-0155	557	24,431.2	1.37	12,843	44.43	0.42%	43.86

2001 GALLO-LIVINGSTON	5840-65-0164	314	14,030.2	1.52	7,376	47.47	0.24%	44.68
2000 GALLO-FRE/LIV	6000-01-0057	243	9,124	1.19	4,797	58.26	0.16%	37.55
2000 GALLO-FRE/LIV	4060-01-0052	396	17,310	1.35	9,100	57.02	0.30%	43.71
2000 GALLO-FRE/LIV	5860-05-0063	503	22,102.0	1.44	11,619	54.06	0.38%	43.94

2000 GALLO-LIVINGSTON	4900-05-0065	378	14,282	1.13	7,508	62.63	0.25%	37.78
2001 GALLO-LIVINGSTON	5600-67-0165	504	19,334	1.16	10,164	48.57	0.33%	38.36

1998 GALLO-FRESNO	6000-03-9854	36	1,233	1.29	648	86.76	0.02%	34.25
1997 GALLO-FRESNO	6000-04-9753	36	1,099	3.31	578	99.98	0.02%	30.52

1995 GALLO-FRESNO	6000-03-9554	36	882.5	1.87	464	123.75	0.02%	24.51
1993 GALLO-FRESNO	6000-01-9354	27	701.9	1.49	369	147.75	0.01%	26.00
1992 GALLO-LIVINGSTON	6000-02-9263	27	785.2	1.55	413	160.60	0.01%	29.08
1991 GALLO-FRESNO	6000-01-9154	27	674.6	1.42	355	171.52	0.01%	24.99
1990 GALLO-FRESNO	2900-03-9054	36	1,181.4	1.21	621	182.27	0.02%	32.82
1989 GALLO-FRESNO	4300-02-8965	730	10,155.3	1.55	5,339	196.57	0.17%	13.91
1989 GALLO-LIVINGSTON	6000-02-8966	351	9,237.7	1.53	4,856	197.46	0.16%	26.32
PROJECT 703	703	72	2,558.4	1.58	1,345	68.47	0.04%	35.53

BARREL DUMP AND BLEND TOTALS		122,917	5,808,708.4	1.44	3,078,936	32.55	100.00%	47.26
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VS/V SOP/CC TOTALS

BBLS	PG	LOSS	AGE	PG LOSS/YR	PG/BBL
119,939	5,688,528	1.51	31.58	2.95%	47.35

Strictly Confidential

Attachment 2 – 5 year Evaporative Loss Rate

The following data represents a 5 year evaporative loss history for brandy warehousing in Modesto over the past five calendar years.* Proof gallon recovery data is derived using tank gauge, temperature and alcohol analysis recorded at barrel dump for each individual lot of brandy processed. Evaporative losses are calculated as follows:

Original proof gallons barreled - Proof gallons recovered = Proof gallons lost to evaporation

MODESTO BRANDY WAREHOUSE EVAPORATIVE LOSS SUMMARY

	2006	2005	2004	2003	2002	2001
Total Modesto Barrels Inventoried on Jan 1	342,239	337,016	327,458	329,141	328,187	312,068
Avg. Age (mos.) of Brandy Inventoried on Jan 1	19.4	20.7	21.0	20.4	20.6	22.9
Total Barrels Dumped per Calendar Year	NA	122,750	116,943	115,185	106,874	114,062
Average Brandy Age (mos.) at Time of Dump	NA	36.1	33.6	33.1	36.9	36.8
Proof Gallon Loss per Barrel per Year of Aging	NA	1.46	1.50	1.61	1.75	1.77

Years 2005 and 2004 were used a representative of normal production. Therefore: 332,237 Bbl were used as storage numbers for the entire operation and 1.48 pg per Bbl per year was used as the evaporative loss rate.

** Every month brandy producers must report their storage and dump operation information to the Department of the Treasury - Tobacco and Tax Bureau. The report includes a beginning inventory, barrel and bulk receipts, amounts barreled, transferred, dumped, losses and ending inventory.*

For the barrel inventory, barrels are reported by the amount with which they were originally filled. When the barrels are dumped, the amount removed from the barrel is gauged and this loss is calculated and included in the monthly report.

Appendix C

Draft ERC Certificate
N-964-1

San Joaquin Valley
Air Pollution Control District

Northern Regional Office • 4800 Enterprise Way • Modesto, CA 95356-8718

Emission Reduction Credit Certificate
N-964-1

ISSUED TO: E & J GALLO WINERY - BRANDY
ISSUED DATE: <DRAFT>
LOCATION OF REDUCTION: 200 YOSEMITE AVE
MODESTO, CA 95353

For VOC Reduction In The Amount Of:

Quarter 1	Quarter 2	Quarter 3	Quarter 4
18,000 lbs	18,000 lbs	27,000 lbs	27,000 lbs

Conditions Attached

Method Of Reduction

- Shutdown of Entire Stationary Source
 Shutdown of Emissions Units
 Other

Installation of VOC emission controls on existing brandy storage operation

Use of these credits outside the San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD) is not allowed without express written authorization by the SJVUAPCD.

Seyed Sadredin, Executive Director / APCO

DRAFT

David Warner, Director of Permit Services