UNITED STATES ENVIRONMENTAL PROTECTION AGENCYTION AGENCYTREGIN REGION 2 REGIONA,

IN THE MATTER OF:

PUERTO RICO AQUEDUCT AND SEWER AUTHORITY

Almirante Sur Water Treatment Plant and its Sludge Treatment System P. O. Box 7066 Barrio Obrero Station San Juan, Puerto Rico 00916

RESPONDENT

REGIONAL HEARING CLERK Proceeding to Assess Class II Civil Penalty Under Section 309(g)(2)(B)

> DOCKET NUMBER CWA-02-2007-3413

ADMINISTRATIVE COMPLAINT, FINDINGS OF VIOLATION, NOTICE OF PROPOSED ASSESSMENT OF A CIVIL PENALTY, AND NOTICE OF OPPORTUNITY TO REQUEST A HEARING

I. <u>Statutory Authority</u>

- This Administrative Complaint, Findings of Violation, Notice of Proposed Assessment of a Civil Penalty, and Notice of Opportunity to Request a Hearing (Complaint) is issued under the authority vested in the Administrator of the U.S. Environmental Protection Agency (EPA) by Section 309(g)(2)(B) of the Clean Water Act ("CWA" or "Act"), 33 U.S.C. § 1319(g)(2)(B). The Administrator has delegated this authority to the Regional Administrator of EPA, Region 2, who in turn has delegated it to the Director, Caribbean Environmental Protection Division (CEPD) of EPA, Region 2 (Complainant).
- 2. Pursuant to Section 309(g)(2)(B) of the Act, and in accordance with the "Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, Issuance of Compliance or Corrective Action Orders, and the Revocation, Termination or Suspension of Permits" (CROP), 40 C.F.R. Part 22 (2005), a copy of which is attached, Complainant hereby requests that Regional Administrator assess a civil penalty against the Puerto Rico Aqueduct and Sewer Authority ("PRASA" or "Respondent") for the unlawful discharges of untreated wastewaters from the Almirante Sur Water Treatment Plant (Almirante WTP) and its Sludge Treatment System (STS) into the Unibón River, a water of the United States, without a National Pollutant Discharge Eliminations System (NPDES) Permit (the "NPDES permit") and Section 301(a) of the Act, 33 U.S.C. § 1311.

II. Statutory and Regulatory Background

- 1. Section 301(a) of the Act, 33 U.S.C. § 1311(a), provides in part that except as in compliance with this section and sections 402 and 404 of the Act, the discharge of any pollutant by any person shall be unlawful.
- 2. Section 308(a)(A) of the Act, 33 U.S.C. § 1318(a) (A), establishes that whenever required to carry out the objective of the Act, the Administrator shall require the owner or operator of any point source to:
 - a. establish and maintain such records;
 - b. make such reports;
 - c. install, use and maintain such monitoring equipment or methods;
 - d. sample such effluents; and
 - e. provide such other information as may be required.
- 3. Section 502 of the Act , 33 U.S.C. § 1362, and its implementing regulations, contain the following definitions:
 - a. Section 502(5) defines "person" as an individual, corporation, partnership or association;
 - b. Section 502(6) defines "pollutant" as including, among others, solid waste, dredged spoil, rock, sand, cellar dirt, sewage, sewage sludge and industrial, municipal and agricultural waste discharged into water;
 - c. Section 502(7) defines "navigable waters" as the waters of the United States, including the territorial seas;
 - d. Section 502(12) defines in part "discharge of a pollutant" as any addition of any pollutant to navigable waters from any point source; and
 - e. Section 502(14), defines "point source" as any discernible, confined and discrete conveyance, including but not limited to any pipe, ditch, channel, tunnel, conduit, well, discrete fissure, container, rolling stock, concentrated animal feeding operation, or vessel or other floating craft, from which pollutants are or may be discharged.
- 4. Section 402 of the Act, 33 U.S.C. § 1342, defines the NPDES as the national program for, among other things, issuing and enforcing permits.

- 5. Section 402 of the Act authorizes the Administrator to promulgate regulations for the implementation of the NPDES requirements.
- 6. Pursuant to the Act, on April 1, 1983, EPA promulgated regulations to implement the NPDES program, under EPA Administered Permit Programs: the NPDES, at 40 C.F.R. Part 122, as amended.
- 7. Pursuant to the NPDES regulations at 40 C.F.R. § 122.5(b), the NPDES program requires permits for the discharge of any pollutant from any point source into waters of the United States.
- 8. The NPDES regulations under 40 C.F.R. § 122.2 define such terms:
 - a. "Pollutant" in part, as dredged spoil, solid waste, incinerator residue, filter backwash, sewage, garbage, sewage sludge, chemical wastes, rock, sand and others;
 - b. "Facility", as any NPDES point source or any other facility or activity (including land or appurtenances thereto) that is subject to the regulations of the NPDES program;
 - c. An "owner" or "operator" as the owner or operator of any facility or activity subject to regulation under the NPDES program;
 - d. "Point Source" as any discernible, confined and discrete conveyance, including but not limited to, any pipe, ditch, channel, tunnel, conduit, well, discrete fissure, container, from which pollutants are or may be discharged;
 - e. "Discharge" as the discharge of a pollutant or combination of pollutants into waters of the United States from any point source; and
 - f. "NPDES" means National Pollutant Discharge Elimination System under Section 402 of the Act, 33 U.S.C. § 1342. National Pollutant Discharge Elimination System means the national program for, among other things, issuing and enforcing permits.

III. Findings of Violation

A. <u>Findings of Fact</u>

- 9. Respondent is a public corporation organized and authorized to do business under the laws of the Commonwealth of Puerto Rico.
- 10. Respondent is a "person" within the meaning of Section 502(5) of the Act, 33 U.S.C. § 1362(5).
- 11. Respondent owns and operates the Almirante WTP and its STS (hereinafter, the "Facility"). The STS is an engineering treatment technology used by PRASA to provide treatment to filters backwash wastewaters and sedimentation tanks wastewaters (hereinafter "sewage") prior to discharge into receiving waters.
- 12. Respondent's Facility is located on State Road No. 160, Km. 10.4, Almirante Sur Ward, Vega Baja, Puerto Rico.
- 13. Respondent's Facility is best described by the Standard Industrial Classification code 4941 (Water Supply).
- 14. Respondent's Facility was, and is, at all relevant times, a "point source" as defined in 40 C.F.R. § 122.2.
- 15. The Respondent "discharges pollutants" from its Facility into the "Unibón River."
- 16. The "Unibón River" is a water of the United States, pursuant to Section 502(7) of the Act, 33 U.S.C. § 1362(7).
- 17. Respondent is subject to the provisions of the Act, 33 U.S.C. § 1251, <u>et seq.</u>, and the applicable NPDES permit application regulations found at 40 C.F.R. Part 122, therefore, Respondent was required to apply for and obtain NPDES permit coverage for its discharges from its Facility.
- 18. On March 8, 2006, a duly delegated EPA official conducted an inspection at the Facility (1st Inspection) to determine Respondent's compliance with the Act and the applicable NPDES regulations. The 1st Inspection was performed, in part, due to several citizen complaints that EPA had received regarding the discharge of sewage from Respondent's Facility into their properties. The findings of the 1st Inspection were included in the EPA Sludge System Inspection Report, dated March 8, 2006.
- 19. During the 1st Inspection, the EPA official observed that Respondent was discharging sewage from its Facility to the ground. These discharges ran through the Facility neighbor's properties (residences and land) into a sinkhole,

entering the Lower Aquifer of the North Coast Limestone Province Aquifer and reaching the Unibón River.

- 20. After the 1st Inspection the EPA official conducted a search of EPA's files (File Review) to determine whether Respondent was in compliance with the Act and the applicable NPDES regulations.
- 21. During the File Review EPA discovered that Respondent did not have an NPDES permit for its discharges of pollutant (sewage) into waters of the United States for this Facility.
- 22. Based on the observations made by EPA during the 1st Inspection and as a result of the File Review, on April 4, 2006, EPA issued the Administrative Order CWA-02-2006-3057 (Order) against Respondent to address the violations mentioned above.
- 23. The Order incorporated findings of violations, and ordered Respondent to, among other things:
 - a. immediately cease and desist all unauthorized discharges of pollutants into waters of the United States;
 - b. within thirty (30) days of receipt of the Order, submit a report addressing the measures it has taken to permanently cease and desist the unauthorized discharges of pollutants into waters of the United States; and
 - c. within thirty (30) calendar days of receipt of the Order, submit an NPDES permit application if the Facility would continue to have discharges of pollutants into waters of the United States; among other requirements.
- 24. On May 25, and December 10, 2006, Respondent submitted to EPA letters addressing the Order. Respondent informed EPA that it was taking remedial measures to minimize the discharge of pollutants into waters of the United States and that it was working on the rehabilitation of the STS. Respondent admitted that it continued to discharge sewage from its Facility into waters of the United States.
- 25. On May 18, 2007, a duly delegated EPA official conducted another inspection at the Facility (2nd Inspection) to determine Respondent's compliance with the Order, the Act and the applicable NPDES regulations. The 2nd Inspection was performed, in part, due to additional citizen complaints that EPA had received regarding the discharge of sewage from Respondent's Facility into their properties. The findings of the 2nd Inspection were included in the EPA Water Compliance Inspection Report, dated May 18, 2007.

- 26. During the 2nd Inspection, the EPA official observed that Respondent continued to discharge sewage from its Facility into a sinkhole, reaching the Unibón River, without an NPDES permit, in violation of the Act and in violation of Ordered Provision No. 2 of the Order (immediately cease and desist its discharges of sewage into waters of the United States upon receipt of the Order). The EPA official also learned from a Respondent official that Respondent had not filed the required NPDES permit application for such discharges in violation of Ordered Provision No. 4 of the Order.
- 27. After the 2nd Inspection the EPA official conducted a search of EPA's files (2nd File Review). During the review, the EPA official noticed that all responses to the Order that Respondent had submitted to EPA were not certified under penalty of law as required by Ordered Provision No. 5 of the Order.

B. <u>Conclusions of Law</u>

- 28. As set forth above, Respondent is liable for the violations of Sections 301(a) of the Act, 33 U.S.C. § 1311(a), for the illegal discharges of pollutant into waters of the United States without an NPDES permit.
- 29. The EPA will notify the Commonwealth of Puerto Rico regarding this proposed action by, at least, mailing a copy of this Complaint and Notice and offering an opportunity for the Commonwealth to confer with EPA on the proposed penalty assessment.

IV. Notice of Proposed Order Assessing a Civil Penalty

Based on the foregoing Findings of Violation, and pursuant to the authority of Section 309(g) of the Act, 33 U.S.C. § 1319(g), EPA, Region 2 hereby proposes to issue a Final Order Assessing Administrative Penalties (Final Order) to Respondent assessing a penalty of **\$118,000**. The proposed penalty has been determined in accordance with the applicable factors under Section 309(g) (3) of the Act, 33 U.S.C. § 1319(g)(3). EPA is required to take in consideration the nature, circumstances, extent and gravity of the violation (or violations), and Respondent's prior compliance history, degree of culpability, economic benefit or savings accruing to Respondent by virtue of the violations, and Respondent's ability to pay the proposed penalty. EPA has also taken in consideration the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996, which requires EPA to adjust penalties for inflation on a periodic basis.

The penalty amounts were amended for violations occurring between January 1, 1997 and March 14, 2004. The maximum administrative penalty under Section 309(g) of the Act, 33 U.S.C. § 1319(g), for those violations is \$11,000 per day per violation and a \$137,500 for a maximum penalty amount. For violations after March 15, 2004, the

maximum administrative penalty is \$11,000 per day per violation and \$157,500 for a maximum penalty amount.

Based on the findings set forth above, the Respondent has been found to have violated the Act on at least four-hundred and thirty-seven (437) instances for the illegal discharges of pollutant into waters of the United States without an NPDES permit. Respondent is culpable for the violations. EPA took into account Respondent's knowledge of: the NPDES regulations; the existing condition of the Facility; and the risks and possible effects to human health and the environment posed by the discharges of sewage from its Facility into the Unibón River, a water of the United States. Complainant also took into consideration Respondent's economic benefit for its non-compliance as well as its past history of violations.

Respondent knew of its obligations under the CWA and should have complied with it. Respondent does have a prior history of violations in the CWA and the NPDES program. Respondent obtained an economic benefit for its failure to apply for an NPDES permit and treat the pollutants (sewage) it had discharged from its Facility into waters of the United States as required by the NPDES regulations. No ability to pay argument is anticipated. EPA may issue a final Order Assessing Administrative Penalties thirty (30) days after Respondent's receipt of this Notice, unless Respondent, within that time files an answer to the Complaint and, requests a hearing on this Notice pursuant to the following section.

V. <u>Procedures Governing This Administrative Litigation</u>

The rules of procedure governing this civil administrative litigation have been set forth in the CROP, which have been codified at 40 C.F.R. Part 22. A copy of these rules accompanies this Complaint.

A. Answering the Complaint

Where Respondent intends to contest any material fact upon which the Complaint is based, to contend that the proposed penalty is inappropriate or to contend that Respondent is entitled to judgment as a matter of law, Respondent must file with the Regional Hearing Clerk of EPA, Region 2, both an original and one copy of a written Answer to the Complaint, and such Answer must be filed within thirty (30) days after service of the Complaint. 40 C.F.R. § 22.15(a). The address of the Regional Hearing Clerk of EPA, Region 2, is:

Regional Hearing Clerk U.S. Environmental Protection Agency, Region 2 290 Broadway, 16th floor New York, New York 10007-1866. Respondent shall also then serve one copy of the Answer to the Complaint upon Complainant and any other party to the action. 40 C.F.R. § 22.15(a).

Respondent's Answer to the Complaint must clearly and directly admit, deny, or explain each of the factual allegations that are contained in the Complaint and with regard to which Respondent has any knowledge. 40 C.F.R. § 22.15(b). Where Respondent lacks knowledge of a particular factual allegation and so states in its Answer, the allegation is deemed denied. 40 C.F.R. § 22.15(b). The Answer shall also set forth: (1) the circumstances or arguments that are alleged to constitute the grounds of defense, (2) the facts that Respondent disputes (and thus intends to place at issue in the proceeding), (3) the basis for opposing the proposed relief, and (4) whether Respondent requests a hearing. 40 C.F.R. § 22.15(b).

Respondent's failure to affirmatively raise in the Answer facts that constitute or that might constitute the grounds of its defense may preclude Respondent, at a subsequent stage in this proceeding, from raising such facts and/or from having such facts admitted into evidence at a hearing.

B. Opportunity to Request a Hearing

If requested by Respondent in the Answer, a hearing upon the issues raised by the Complaint and Answer may be held. 40 C.F.R. § 22.15(c). If, however, Respondent does not request a hearing, the Presiding Officer (as defined in 40 C.F.R. § 22.3) may hold a hearing if the Answer raises issues appropriate for adjudication. 40 C.F.R. § 22.15(c).

Any hearing in this proceeding will be held at a location determined in accordance with 40 C.F.R. § 22.21(d). A hearing of this matter will be conducted in accordance with the applicable provisions of the Administrative Procedure Act, 5 U.S.C. §§ 551-559, and the procedures set forth in Subpart D of 40 C.F.R. Part 22.

Should Respondent request a hearing on this proposed penalty assessment, members of the public, to whom EPA is obligated to give notice of this proposed action, will have a right under Section 309(g)(4)(B) of the Act, 33 U.S.C. § 1319(g)(4)(B), to be heard and to present evidence on the appropriateness of the penalty assessment. Should Respondent not request a hearing, EPA will issue a Final Order, and only members of the public who submit timely comment on this proposal will have an additional thirty (30) days to petition EPA to set aside the Final Order and to hold a hearing thereon. EPA will grant the petition and will hold a hearing only if the petitioner's evidence is material and was not considered by EPA in the issuance of the Final Order.

C. Failure to Answer

If Respondent fails in the Answer to admit, deny, or explain any material factual allegation contained in the Complaint, such failure constitutes an admission of the allegation. 40 C.F.R. § 22.15(d). If Respondent fails to file a timely [i.e., in accordance

with the 30-day period set forth in 40 C.F.R. § 22.15(a)] Answer to the Complaint, Respondent may be found in default upon motion. 40 C.F.R. § 22.17(a). Default by Respondent constitutes, for purposes of the pending proceeding only, an admission of all facts alleged in the Complaint and a waiver of Respondent's right to contest such factual allegations. 40 C.F.R. § 22.17(a). Following a default by Respondent for a failure to timely file an Answer to the Complaint, any order issued therefore shall be issued pursuant to 40 C.F.R. § 22.17(c).

Any penalty assessed in the default order shall become due and payable by Respondent without further proceedings thirty (30) days after the Default Order becomes final pursuant to 40 C.F.R. § 22.27(c). 40 C.F.R. § 22.17(d). If necessary, EPA may then seek to enforce such Final Order of Default against Respondent, and to collect the assessed penalty amount, in federal court.

VI. Informal Settlement Conference

Whether or not Respondent requests a formal hearing, EPA encourages settlement of this proceeding consistent with the provisions of the Act and its applicable regulations. 40 C.F.R. § 22.18(b). At an informal conference with a representative(s) of Complainant, Respondent may comment on the charges made in this complaint, and Respondent may also provide whatever additional information that it believes is relevant to the disposition of this matter, including: (1) actions Respondent has taken to correct any or all of the violations herein alleged, (2) any information relevant to Complainant's calculation of the proposed penalty, (3) the effect the proposed penalty would have on Respondent's ability to continue in business, and/or (4) any other special facts or circumstances Respondent wishes to raise.

Complainant has the authority to modify the amount of the proposed penalty, where appropriate, to reflect any settlement agreement reached with Respondent, to reflect any relevant information previously not known to Complainant or to dismiss any or all of the charges, if Respondent can demonstrate that the relevant allegations are without merit and that no cause of action as herein alleged exists. Respondent is referred to 40 C.F.R. § 22.18.

Any request for an informal conference or any questions that Respondent may have regarding this Complaint should be directed to the EPA attorney named in Section VIII, Paragraph 2, below.

The parties may engage in settlement discussions irrespective of whether Respondent has requested a hearing. 40 C.F.R. § 22.18(b)(1). Respondent's requesting a formal hearing does not prevent it from also requesting an informal settlement conference; the informal conference procedure may be pursued simultaneously with the formal adjudicatory hearing procedure. A request for an informal settlement conference constitutes neither an admission nor a denial of any of the matters alleged in the Complaint. Complainant does not deem a request for an informal settlement conference conference as a request for a hearing as specified in 40 C.F.R. § 22.15(c).

A request for an informal settlement conference does not affect Respondent's obligation to file a timely Answer to the Complaint pursuant to 40 C.F.R. § 22.15. No penalty reduction, however, will be made simply because an informal settlement conference is held.

Any settlement that may be reached as a result of an informal settlement conference shall be embodied in a written Consent Agreement. 40 C.F.R. § 22.18(b)(2). In accepting the Consent Agreement, Respondent waives its right to contest the allegations in the Complaint and waives any right to appeal the Final Order that is to accompany the Consent Agreement. 40 C.F.R. § 22.18(b)(2). In order to conclude the proceeding, a Final Order ratifying the parties' agreement to settle will be executed. 40 C.F.R. § 22.18(b)(3).

Respondent's entering into a settlement through the signing of such Consent Agreement and its complying with the terms and conditions set forth in such Consent Agreement terminates this administrative litigation and the civil proceedings arising out of the allegations made in the Complaint. Respondent's entering into a settlement does not extinguish, waive, satisfy or otherwise affect its obligation and responsibility to comply with all applicable statutory and regulatory requirements, and to maintain such compliance.

VII. Resolution of this Proceeding Without Hearing or Conference

Instead of filing an Answer, Respondent may choose to pay the total amount of the proposed penalty within 30 days after receipt of the Complaint, provided that Respondent files with the Regional Hearing Clerk, Region 2 (at the address noted above), a copy of the check or other instrument of payment. 40 C.F.R. § 22.18(a). A copy of the check or other instrument of payment should be provided to the EPA Assistant Regional Counsel identified on Section VIII, paragraph 2. Payment of the penalty assessed should be made by sending a cashier's or certified check payable to the **"Treasurer, United States of America"**, in the full amount of the penalty assessed in this complaint to the following addressee:

Regional Hearing Clerk U. S. Environmental Protection Agency, Region 2 PO Box 360188 Pittsburgh, Pennsylvania 15251.

Pursuant to 40 C.F.R. § 22.18(a)(3), if Respondent elects to pay the full amount of the penalty proposed in the Complaint within thirty (30) days of receiving the Complaint, then, upon EPA's receipt of such payment, the Regional Administrator of EPA, Region 2 (or, if designated, the Regional Judicial Officer), shall issue a Final Order in accordance with 40 C.F.R. § 22.18(a)(3). In accordance with 40 C.F.R. § 22.45(c)(3), no Final Order shall issue until at least ten (10) days after the close of the comment period on this Compliant. Issuance of a Final Order terminates this administrative litigation and the

civil proceedings arising out of the allegations made in the Complaint. Further, pursuant to 40 C.F.R. § 22.18(a)(3), the making of such payment by Respondent shall constitute a waiver of Respondent's right both to contest the allegations made in the Complaint and to appeal said Final Order to federal court. Such payment does not extinguish, waive, satisfy or otherwise affect Respondent's obligation and responsibility to comply with all applicable statutory and regulatory requirements, and to maintain such compliance.

VIII. Filing of Documents

1. The original and one copy of the Answer and any Hearing Request and all subsequent documents filed in this action should be sent to:

Regional Hearing Clerk U.S. Environmental Protection Agency 290 Broadway - 16th Floor New York, New York 10007-1866.

2. A copy of the Answer, any Hearing Request and all subsequent documents filed in this action shall be sent to:

Héctor L. Vélez Cruz, Esq. Office of Regional Counsel U.S. Environmental Protection Agency, Region 2 1492 Ponce de León Ave., Suite 417 San Juan, Puerto Rico 00907-4127 Telephone: (787) 977-5850 Fax: (787) 729-7748.

IX. <u>General Provisions</u>

- 1. Respondent has a right to be represented by an attorney at any stage of these proceedings.
- 2. This Complaint does not constitute a waiver, suspension or modification of the requirements of the Act, regulations promulgated thereunder, or any applicable permit.

3. Neither assessment nor payment of an administrative civil penalty pursuant to Section 309(g) of the Act will affect Respondent's continuing obligation to comply with the Act, and with any separate Compliance Order issued under Section 309(a) of the Act, 33 U.S.C. § 1319(a), for the violations alleged herein.

ISSUED THIS 22 DAY OF JUNE _____, 2007.

CARL-AXEL P. SODERBERG, P.E. Director, Caribbean Environmental Protection Division United States Environmental Protection Agency - Region 2 1492 Ponce de León Ave., Suite 417 San Juan, Puerto Rico 00907-4127

- To: José F. Ortiz Vázquez PRASA Executive President P. O. Box 7066 Barrio Obrero Station Santurce, Puerto Rico 00916
- cc: Wanda García Director Water Quality Area PR Environmental Quality Board P.O. Box 11488 San Juan, PR 00910

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY REGION 2

IN THE MATTER OF:

PUERTO RICO AQUEDUCT AND SEWER AUTHORITY

Almirante Sur Water Treatment Plant and its Sludge Treatment System P.O. Box 7066 Barrio Obrero Station San Juan, Puerto Rico 00916 Proceeding to Assess Class II Civil Penalty Under Section 309(g)(2)(B)

> DOCKET NUMBER CWA-02-2007-3413

RESPONDENT

CERTIFICATE OF SERVICE

I certify that, on the date noted below, I caused to be mailed, by certified mail, return receipt requested, a copy of the foregoing "ADMINISTRATIVE COMPLAINT" and a copy of the "Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties," (40 CFR Part 22) to the following persons at the address listed below:

Mr. José F. Ortiz Vázquez Executive President Puerto Rico Aqueduct and Sewer Authority P. O. Box 7066 Barrio Obrero Station San Juan, Puerto Rico 00916,

and

Ms. Wanda García Director Water Quality Bureau Environmental Quality Board P.O. Box 11488 Santurce, Puerto Rico 00910.

I sent UPS the original and a copy of the foregoing Complaint for filing, to the office of the Regional Hearing Clerk, United States Environmental Protection Agency, Region 2.

Date: June 25, 207

San Juan, Puerto Rico