



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 5  
77 WEST JACKSON BOULEVARD  
CHICAGO, IL 60604-3590

SEP 26 2014

REPLY TO THE ATTENTION OF:

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Thomas O'Keefe, President  
Olin Corporation, Winchester Division  
C/O Amy Wachs  
Husch Blackwell  
190 Carondelet Plaza  
Suite 600  
Saint Louis, Illinois 63105

Dear Mr. O'Keefe:

Enclosed is a file-stamped Consent Agreement and Final Order (CAFO) which resolves Olin Corporation, Winchester Division, and case docket number CAA-05-2014-0058. As indicated by the filing stamp on its first page, we filed the CAFO with the Regional Hearing Clerk on SEP 26 2014.

Pursuant to paragraph 33 of the CAFO, Olin Corporation, Winchester Division must pay the civil penalty within 30 days of SEP 26 2014. Your check must display the case name Olin Corporation, Winchester Division and the docket number CAA-05-2014-0058.

Please direct any questions regarding this case to Cynthia Kawakami, Associate Regional Counsel, (312) 886-0564.

Sincerely,

A handwritten signature in black ink, appearing to read "Nathan A. Frank".

Nathan A. Frank, P.E.  
Air Enforcement and Compliance Assurance Section (IL/IN)

Enclosure

cc: Ann Coyle Regional Judicial Officer/C-14J



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 5

<b>In the Matter of:</b>	)	<b>Docket No.</b>
	)	
<b>Olin Corporation</b>	)	<b>Proceeding to Assess a Civil Penalty</b>
<b>Winchester Division</b>	)	
<b>East Alton, Illinois,</b>	)	<b>Under Section 113(d) of the Clean Air Act,</b>
	)	<b>42 U.S.C. § 7413(d)</b>
<b>Respondent.</b>	)	
_____	)	

**Consent Agreement and Final Order**

**Preliminary Statement**

1. This is an administrative action commenced and concluded under Section 113(d) of the Clean Air Act (the CAA), 42 U.S.C. § 7413(d), and Sections 22.1(a)(2), 22.13(b) and 22.18(b)(2) and (3) of the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits (Consolidated Rules), as codified at 40 C.F.R. Part 22.

2. Complainant is the Director of the Air and Radiation Division, U.S. Environmental Protection Agency, Region 5.

3. Respondent is Olin Corporation, Winchester Division (Respondent), a corporation doing business in Illinois.

4. Where the parties agree to settle one or more causes of action before the filing of a complaint, the administrative action may be commenced and concluded simultaneously by the issuance of a consent agreement and final order (CAFO). 40 C.F.R. § 22.13(b).

5. The parties agree that settling this action without the filing of a complaint or the adjudication of any issue of fact or law is in their interest and in the public interest.

6. Respondent consents to the assessment of the civil penalty specified in this CAFO and to the terms of this CAFO.

**Jurisdiction and Waiver of Right to Hearing**

7. Respondent admits the jurisdictional allegations in this CAFO and neither admits nor denies the factual allegations in this CAFO.

8. Respondent waives its right to request a hearing as provided at 40 C.F.R. § 22.15(c), any right to contest the allegations in this CAFO in any proceeding with EPA or the United States, and waives its right to appeal this CAFO. Respondent reserves any rights and defenses it has with regard to persons other than EPA or the United States.

**Statutory and Regulatory Background**

9. On May 31, 1972, EPA promulgated approval of 35 IAC Part 201, "Permits and General Conditions," as part of the federally enforceable State Implementation Plan (SIP) for the State of Illinois. See 37 Fed. Reg. 10862. Since then, EPA has approved several revisions of 35 IAC Part 201 into the federally enforceable SIP.

10. Under 40 C.F.R. § 52.23, any permit limitation or condition contained within a permit issued under an EPA-approved program that is incorporated in a SIP, is a requirement of the SIP, and is federally enforceable under Section 113, 42 U.S.C. § 7413.

11. Title V of the CAA, 42 U.S.C. §§ 7661-7661f, established an operating permit program for major sources of air pollution. Section 502(d) of the CAA, 42 U.S.C. § 7661a(d), provides that each state must submit to EPA a permit program meeting the requirements of Title V.

12. In accordance with Section 502(b) of the CAA, 42 U.S.C. § 7661a(b), EPA promulgated regulations establishing and implementing Title V of the CAA. See 57 Fed. Reg. 32295 (July 21, 1992). Those regulations are codified at 40 C.F.R. Part 70.

13. Section 502(a) of the CAA, 42 U.S.C. § 7661a(a), and 40 C.F.R. § 70.7(b) provide that, after the effective date of any permit program approved or promulgated under Title V of the CAA, no source subject to Title V may operate except in compliance with a Title V permit.

14. EPA approved Illinois' Title V program on December 4, 2001. See 66 Fed. Reg. 62946. The Illinois Title V program is commonly referred to as the Clean Air Act Permit Program (CAAPP).

15. The Administrator of EPA (the Administrator) may assess a civil penalty of up to \$37,500 per day of violation up to a total of \$295,000 for SIP violations that occurred from January 12, 2009 through December 6, 2013, and for a total of \$320,000 for violations occurring after December 6, 2013 under Section 113(d)(1) of the CAA, 42 U.S.C. § 7413(d)(1), and 40 C.F.R. Part 19.

16. Section 113(d)(1) limits the Administrator's authority to matters where the first alleged date of violation occurred no more than 12 months prior to initiation of the administrative action, except where the Administrator and the Attorney General of the United States jointly determine that a matter involving a longer period of violation is appropriate for an administrative penalty action.

17. The Administrator and the Attorney General of the United States, each through their respective delegates, have determined jointly that an administrative penalty action is appropriate for the period of violations alleged in this CAFO.

### **Factual Allegations and Alleged Violations**

18. Respondent is a corporation that does business in Illinois.
19. Respondent is a "person" as that term is defined in Section 302(e) of the CAA, 42 U.S.C. § 7602(e).
20. Respondent owns and operates an ammunition manufacturing facility located at 427 North Shamrock Street in East Alton, Illinois 62024 (the Facility), and utilizes lead as a component of the ammunition that is manufactured.
21. Respondent operates an emission unit called a Lower Billet Melt Kettle (LK-4) that emits lead air emissions through an emission stack.
22. The Facility constitutes an "emission source" within the meaning of Section 114(a)(1) of the CAA, 42 U.S.C. § 7414(a)(1).
23. The Illinois Environmental Protection Agency (IEPA) issued Respondent a CAAPP permit (Application No.: 96030015) on January 20, 2008.
24. Condition 7.1.6.a.ii of Respondent's CAAPP permit requires Respondent to limit lead emissions from LK-4 during Mode 1 operation to no more than 0.04 pounds of lead per hour. Mode 1 operation is defined as operating only when melting refined lead pigs and internally produced scrap.
25. Condition 7.1.6.a.iv of Respondent's CAAPP permit states that the 0.04 pound per hour lead limit for LK-4 during Mode 1 operation was established in a construction permit (No. 97120071), pursuant to Title I of the CAA.
26. On June 12, 2013, EPA issued a Section 114 Information Request which, among other things, required lead stack testing at LK-4 during Mode 1 operation.

27. In response to EPA's Section 114 Information Request, Respondent performed two EPA Reference Method 12 lead stack tests at the LK-4 stack during Mode 1 operation on September 19, 2013 and October 22-23, 2013. Average lead emissions for the September 19, 2013 stack test averaged 0.092 pounds of lead per hour. Average lead emissions for the October 22-23, 2013 stack test averaged 0.049 pounds of lead per hour. Results from each of the stack tests showed levels exceeding the 0.04 pound per hour lead emission limit in Respondent's CAAPP permit at the LK-4 stack.

28. On April 21, 2014, EPA issued a Notice and Finding of Violation (NOV/FOV) to Respondent, alleging that it had violated the Illinois SIP at 35 Ill. Admin. Code Part 201, and, thus, Title V permit requirements under Section 502 of the CAA, 42 U.S.C. §§ 7661-7661f, and 40 C.F.R. Part 70.

29. On May 27, 2014, Respondent and EPA discussed the April 21, 2014 NOV/FOV and, thereafter, engaged in additional discussions regarding Respondent's alleged violations outlined in the NOV/FOV.

30. On June 27, 2014, after Respondent applied for a construction permit as a result of discussions with EPA, IEPA issued a construction permit to Respondent that authorized it to construct and operate new pollution control equipment at its Facility in the form of a filter control system (baghouse) to control air emissions from the Lower Billet Melt Kettle, as well as other areas.

31. While not admitting to the Factual Allegations and Alleged Violations in this CAFO, Respondent agrees to the terms and requirements of this CAFO, but does not waive its rights and defenses with regard to persons other than EPA or the United States.

**Civil Penalty**

32. Based on analysis of the factors specified in Section 113(e) of the CAA, 42 U.S.C. § 7413(e), as well as the facts of this case, the company's cooperation, and agreement to perform a supplemental environmental project, Complainant has determined that an appropriate civil penalty to settle this action is \$110,000.

33. Within 30 days after the effective date of this CAFO, Respondent must pay a \$110,000 civil penalty by cashier's or certified check. For checks sent by First Class U.S. Mail, send the cashier's or certified check, payable to "Treasurer, United States of America," to:

U.S. EPA  
Fines and Penalties  
Cincinnati Finance Center  
P.O. Box 979077  
St. Louis, Missouri 63197-9000

For checks sent by express mail, next business-day delivery, send the cashier's or certified check, payable to "Treasurer, United States of America," to:

U.S. Bank  
Government Lockbox 979077  
U.S. EPA Fines and Penalties  
1005 Convention Plaza  
Mail Station SL-MO-C2-GL  
St. Louis, Missouri 63101

The check must note Respondent's name and the docket number of this CAFO.

34. Respondent must send a notice of payment that states Respondent's name and the docket number of this CAFO to EPA at the following addresses when it pays the penalty:

Attn: Compliance Tracker (AE-17J)  
Air Enforcement and Compliance Assurance Branch  
Air and Radiation Division  
U.S. Environmental Protection Agency, Region 5  
77 W. Jackson Boulevard  
Chicago, Illinois 60604

Cynthia Kawakami (C-14J)  
Office of Regional Counsel  
U.S. Environmental Protection Agency, Region 5  
77 W. Jackson Boulevard  
Chicago, Illinois 60604

Regional Hearing Clerk (E-19J)  
U.S. Environmental Protection Agency, Region 5  
77 W. Jackson Boulevard  
Chicago, Illinois 60604

35. This civil penalty is not deductible for federal tax purposes.

36. If Respondent does not pay timely the civil penalty, or any stipulated penalties due under Paragraph 47, below, EPA may request the Attorney General of the United States to bring an action to collect any unpaid portion of the penalty with interest, nonpayment penalties, and the United States' enforcement expenses for the collection action under Section 113(d)(5) of the CAA, 42 U.S.C. § 7413(d)(5). The validity, amount, and appropriateness of the civil penalty are not reviewable in a collection action.

37. Respondent must pay the following on any amount overdue under this CAFO. Interest will accrue on any overdue amount from the date payment was due at a rate established by the Secretary of the Treasury pursuant to 26 U.S.C. § 6621(a)(2). Respondent must pay the United States' enforcement expenses, including but not limited to, attorneys' fees and costs incurred by the United States for collection proceedings. In addition, Respondent must pay a quarterly nonpayment penalty each quarter during which the assessed penalty is overdue. This nonpayment penalty will be 10 percent of the aggregate amount of the outstanding penalties and nonpayment penalties accrued from the beginning of the quarter. 42 U.S.C. § 7413(d)(5).

**Supplemental Environmental Project**

38. Respondent agrees to complete a supplemental environmental project (SEP) designed to protect the public health and the environment by adding lead pollution controls to



operations in the Billet Casting and Extrusion Tumbling Line (the affected line) at the Facility, as follows: the holding kettle, the billet molding operation and four extrusion press tumblers. The affected line produces lead slugs from refined lead pigs and recycled lead scrap generated on-site. The pollution controls will consist of a filter system with a high efficiency particulate air (HEPA) filter that will be designed to reduce emissions of lead and particulate matter by at least 94 percent overall (with at least 99 percent capture and at least 95 percent removal by the filter). The pollution controls must be installed and operating within one year from the effective date of this order.

39. Respondent must continuously use the pollution controls described in Paragraph 38 while the Facility is operating for at least 5 years, or as long as Respondent operates the affected line described in Paragraph 38 above, whichever is shorter.

40. Respondent must spend at least \$38,103 on the project described in Paragraph 38.

41. EPA may inspect Respondent's records at any time to monitor Respondent's compliance with this CAFO's SEP requirements.

42. Respondent must submit a SEP completion report to EPA within 60 days of completing the SEP described in Paragraphs 38.. This report must contain the following information:

- a. Detailed description of the SEP as completed;
- b. Description of any operating problems and the actions taken to correct the problems;
- c. Itemized cost of goods and services used to complete the SEP documented by copies of invoices, purchase orders or cancelled checks that specifically identify and itemize the individual cost of the goods and services;

- d. Certification that Respondent has completed the SEP in compliance with this CAFO; and
- e. Description of the environmental and public health benefits resulting from the SEP (quantify the benefits and pollution reductions, if feasible).

43. Respondent must submit all notices and reports required by this CAFO by first-class mail to the Compliance Tracker of the Air Enforcement and Compliance Assurance Branch at the address provided in paragraph 34, above.

44. In each report that Respondent submits as provided by this CAFO, it must certify that the report is true and complete by including the following statement signed by one of its officers:

I certify that I am familiar with the information in this document and that, based on my inquiry of those individuals responsible for obtaining the information, it is true and complete to the best of my knowledge. I know that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations.

45. Following receipt of the SEP completion report described in Paragraph 42, above, EPA must notify Respondent in writing that:

- a. It has satisfactorily completed the SEP and the SEP report;
- b. There are deficiencies in the SEP as completed or in the SEP report and EPA will give Respondent 30 days to correct the deficiencies; or
- c. It has not satisfactorily completed the SEP or the SEP report and EPA will seek stipulated penalties under Paragraph 47.

46. If EPA exercises option b. above, Respondent may object in writing to the deficiency notice within 10 days of receiving the notice. The parties will have 30 days from EPA's receipt of Respondent's objection to reach an agreement to resolve the deficiency. If the parties cannot reach an agreement, EPA will give Respondent a written decision on its objection. Respondent will comply with any requirement that EPA imposes in its decision. If Respondent

does not complete the SEP as required by EPA's decision, Respondent will pay stipulated penalties to the United States under Paragraph 47, below.

47. If Respondent violates any requirement of this CAFO relating to the SEP,

Respondent must pay stipulated penalties to the United States as follows:

- a. Except as provided in subparagraph b, below, if Respondent did not complete the SEP satisfactorily according to the requirements of this CAFO, Respondent must pay a penalty of \$19,000.
- b. If Respondent did not complete the SEP satisfactorily, but EPA determines that Respondent made good faith and timely efforts to complete the SEP and certified, with supporting documents, that it spent at least 90 percent of the amount set forth in Paragraph 40, Respondent will not be liable for any stipulated penalty under subparagraph a, above.
- c. If Respondent completed the SEP satisfactorily, but spent less than 90 percent of the amount set forth in Paragraph 40, Respondent must pay a penalty that is equal to one-half of the difference between \$38,103 and the total amount it actually spent on the SEP.
- d. If Respondent did not submit timely the SEP completion report, Respondent must pay penalties in the following amounts for each day after the report was due until it submits the report:

<u>Penalty per violation per day</u>	<u>Period of violation</u>
\$100	1 <sup>st</sup> through 14 <sup>th</sup> day
\$200	15 <sup>th</sup> through 30 <sup>th</sup> day
\$400	31 <sup>st</sup> day and beyond

48. EPA's determinations of whether Respondent completed the SEP satisfactorily and whether Respondent made good faith and timely efforts to complete the SEP will bind Respondent.

49. Respondent must pay any stipulated penalties within 15 days of receiving EPA's written demand for the penalties. Respondent will use the method of payment specified in Paragraph 33, above, and will pay interest and nonpayment penalties on any overdue amounts.

50. Any public statement that Respondent makes referring to the SEP must include the following language: “Olin Corporation, Winchester Division undertook this project under the settlement of the United States Environmental Protection Agency’s enforcement action against it for violations of the Clean Air Act.”

51. If an event occurs which causes or may cause a delay in completing the SEP as required by this CAFO:

- a. Respondent must notify EPA in writing within 10 days after learning of an event which caused or may cause a delay in completing the SEP. The notice must describe the anticipated length of the delay, its cause(s), Respondent’s past and proposed actions to prevent or minimize the delay and a schedule to carry out those actions. Respondent must take all reasonable actions to avoid or minimize any delay. If Respondent fails to notify EPA according to this paragraph, Respondent will not receive an extension of time to complete the SEP.
- b. If the parties agree that circumstances beyond the control of Respondent caused or may cause a delay in completing the SEP, the parties will stipulate to an extension of time no longer than the period of delay.
- c. If EPA does not agree that circumstances beyond the control of Respondent caused or may a delay in completing the SEP, EPA will notify Respondent in writing of its decision and any delays in completing the SEP will not be excused.
- d. Respondent has the burden of proving that circumstances beyond its control caused or may cause a delay in completing the SEP. Increased costs for completing the SEP will not be a basis for an extension of time under subparagraph b, above. Delay in achieving an interim step will not necessarily justify or excuse delay in achieving subsequent steps.

52. For federal income tax purposes, Respondent will neither capitalize into inventory or basis, nor deduct any costs or expenditures incurred in performing the SEP.

#### **General Provisions**

53. This CAFO resolves only Respondent’s liability for federal civil penalties for the violations alleged in this CAFO.

54. The CAFO does not affect the rights of EPA or the United States to pursue appropriate injunctive or other equitable relief or criminal sanctions for any violation of law.

55. This CAFO does not affect Respondent's responsibility to comply with the CAA and other applicable federal, state and local laws. Except as provided in Paragraph 53, above, compliance with this CAFO will not be a defense to any actions subsequently commenced pursuant to federal laws administered by EPA.

56. This CAFO constitutes an "enforcement response" as that term is used in EPA's Clean Air Act Stationary Civil Penalty Policy to determine Respondent's "full compliance history" under Section 113(e) of the CAA, 42 U.S.C. § 7413(e).

57. The terms of this CAFO bind Respondent, its successors and assigns.


58. Each person signing this consent agreement certifies that he or she has the authority to sign for the party whom he or she represents and to bind that party to its terms.

59. Each party agrees to bear its own costs and attorneys' fees in this action.

60. This CAFO constitutes the entire agreement between the parties.

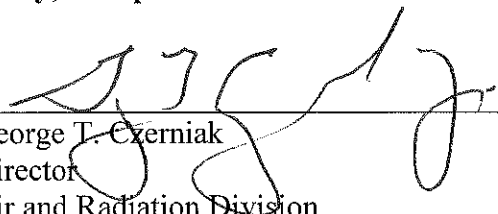
**Olin Corporation, Winchester Division, Respondent**

9-22-14  
Date

  
\_\_\_\_\_  
Thomas J. O'Keefe  
Vice President & President Winchester  
Olin Corporation

**United States Environmental Protection Agency, Complainant**

9/24/14  
Date


  
\_\_\_\_\_  
George T. Czerniak  
Director  
Air and Radiation Division  
U.S. Environmental Protection Agency, Region 5

**Consent Agreement and Final Order**  
**In the Matter of: Olin Corporation, Winchester Division**  
**Docket No. CAA-05-2014-0058**

**Final Order**

This Consent Agreement and Final Order, as agreed to by the parties, shall become effective immediately upon filing with the Regional Hearing Clerk. This Final Order concludes this proceeding pursuant to 40 C.F.R. §§ 22.18 and 22.31. IT IS SO ORDERED.

9-24-2014  
Date

  
\_\_\_\_\_  
Susan Hedman  
Regional Administrator  
U.S. Environmental Protection Agency  
Region 5

CAA-05-2014-0058

CERTIFICATE OF MAILING

Certificate of Service

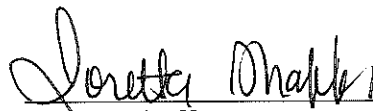
I, Loretta Shaffer, certify that I filed the original and a copy of the Consent Agreement and Final Order (CAFO) in the case, *In the Matter of: Olin Corporation, Winchester Division, East Alton*, Illinois, with the Regional Hearing Clerk, U. S. Environmental Protection Agency, Region 5, delivered a copy of the CAFO by intra-office mail to the Regional Judicial Officer, U.S. Environmental Protection Agency, Region 5, and mailed the second original CAFO by first-class, postage prepaid, certified mail, return receipt requested, to Respondent by placing it in the custody of the United States Postal Service addressed as follows:

Thomas J. O'Keefe, President  
Olin Corporation  
Winchester Division  
600 Powder Mill Road  
East Alton, IL 62024

I also certify that I sent a copy of the Consent Agreement and Final Order in the case, *In the Matter of: Olin Corporation, Winchester Division, East Alton*, by first-class mail to:

Ray Pilapil, Manager  
Bureau of Air, Compliance and Enforcement Section  
Illinois Environmental Protection Agency  
1021 North Grand Avenue East  
Springfield, Illinois 62794

On the 26 day of September, 2014.



Loretta Shaffer  
Administrative Program Assistant  
AECAB, PAS

CERTIFIED MAIL RECEIPT  
NUMBER:

7009 1680 0000 7672 9024