

Harter Secrest & Emery LLP

ATTORNEYS AND COUNSELORS

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May 4, 2011

#### VIA UPS OVERNIGHT

Karen Maples Regional Hearing Clerk United States Environmental Protection Agency Region 2 290 Broadway, 16<sup>th</sup> Floor New York, NY 10007-1866

Kara E. Murphy Assistant Regional Counsel United States Environmental Protection Agency Region 2 – Air Branch 290 Broadway, 16<sup>th</sup> Floor New York, NY 10007-1866

> Re: United States Environmental Protection Agency, Region 2 CAA-02-2011-1209 In a Proceeding under Section 113(d) of the Clean Air Act

Dear Ms. Maples and Ms. Murphy:

Enclosed please find Eastman Kodak Company's Answer and Request for Hearing to the EPA's Complaint. Please direct future correspondence to the undersigned.

Very truly yours,

Harter Secrest & Emery LLP

JoAnn E. Gould Senior Environmental Counsel DIRECT DIAL: 585.231.1220 E-MAIL: JGOULD@HSELAW.COM

JEG:mme

1600 bausch & Lomb Place Rochester, ny 14604-2711 phone: 585.232.6500 fax: 585.232.2152

# Harter Secrest & Emery LLP

ATTORNEYS AND COUNSELORS

United States Environmental Protection Agency May 4, 2011 Page 2

Enclosure

cc: Philip J. Faraci Mark E. Miles Michael Zapkin Charles Ruffing Robert Stanton Colleen McCarthy Thomas Marriott Leo Bracci, Esq. Sharon Underberg, Esq.

#### UNITED STATES ENVIRONMENTAL PROTECTION AGENCY REGION 2

In re:

## EASTMAN KODAK COMPANY Respondent

ANSWER and REQUEST FOR HEARING CAA-02-2011-1209

In a Proceeding under Section 113(d) of the Clean Air Act

Defendant Eastman Kodak Company ("Kodak") for its Answer to EPA's Complaint, responds as follows, upon information and belief:

- Admits the allegations in paragraphs 1 through 87, 89, 90, 92-113, 115, 116, 118-136, 139-145, 148, 151, 152, 155, 162-166, 170, 172-175, 177-179, 182, 183, 185-187, 190, 191, 194, 195, 198, 199, 202, 203, 205-207.
- 2. Kodak denies the allegations in paragraphs 88, 91, 114.
- 3. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraphs 156.
- 4. Neither admits nor denies the allegation of paragraph 171.
- Kodak admits in part and denies in part the allegations in paragraphs 117, 137, 138, 146, 147, 149, 150, 153, 154, 157-161, 167-169, 181, 189, 193, 197, 201, and 209 – 211.
- 6. Re-alleges its admissions, denials or statements that it lacks knowledge or information to form a belief as to the allegations contained in paragraphs 176, 180, 184, 188, 192, 196, 200, 204, and 208
- 7. With respect to the allegations in paragraph 88, the referenced requirement is found in 40 CFR Section 63.1039(b).
- 8. With respect to the allegations in paragraph 91, the referenced requirements are found in 40 CFR Section 63.1039(a) and (b).
- 9. With respect to the allegations in paragraph 114, Eastman Kodak Company is a corporation organized under the laws of New Jersey.

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- 10. With respect to the allegations in paragraph 117, the correct description is "Photographic Equipment and Supplies".
- 11. With respect to the allegations in paragraph 137, Kodak said in its 114 response that the equipment identified in the MON MACT NOC is only subject to the MON but this statement needs to be clarified. Other equipment in Kodak's Synthetic Chemical Division is subject to the Miscellaneous Coatings MACT, some equipment in Distilling East and Distilling West is subject to the OLD MACT, and other equipment in Distilling East is subject to P&OW MACT as an affiliated operation.
- 12. With respect to the allegations in paragraph 138, B-322 and B-120 operations are non-dedicated solvent recovery operations and are therefore by definition individual MCPUs; however, the operations in Syn Chemicals Division, Inks and Varnishes and OLED each contain multiple MCPUs based on individual products that are manufactured
- 13. With respect to the allegations in paragraph 146, Kodak admits the allegations in a, b, and c. i through iii; however, with respect to c. iv., the date is incorrect. During Kodak's review of leak monitoring records in early March 2010, it was discovered that 44 of 133 new components put into HAP service after initial valve monitoring (April June, 2008) were not tagged and not monitored within the required 3 month period after being placed into HAP service.
- 14. With respect to the allegations in paragraph 147, the dates are not precisely correct in allegations b.i., c.ii., and c. iv. Corrections are as follows:
  - b.i. Valves were tagged on 7/7/09.
  - c.ii. Valves were tagged on 1/28/10.
  - c.iv. Valves were tagged and monitored on various dates between discovery in early March and March 23.
- 15. With respect to the allegations in paragraph 149; time periods when components identified in paragraph 146 were not monitored have been identified in paragraph 148. However, all monitoring which did occur was performed properly per Method 21.
- 16. With respect to the allegations in paragraph 150, upon review of leak monitoring records, it was discovered that 44 of the 133 new components that were put into HAP service after initial valve monitoring for existing components (April - June, 2008) were not monitored within the required 3 month period after being placed into HAP service. Components were later monitored and verified to be not leaking.
- 17. With respect to the allegations in paragraph 153, the 27 batch pumps are Distilling batch pumps at Building 322 not SCD pumps.

- 18. With respect to the allegations in paragraph 154, this allegation should reference the Distilling batch pumps at Building 322 not SCD pumps.
- 19. With respect to the allegations in paragraph 155, the leak definition was incorrect only with respect to Distilling batch pumps at Building 322.
- 20. With respect to the allegations in paragraph 156, Kodak lacks knowledge regarding EPA's findings.
- 21. With respect to the allegations in paragraph 157, the leak definition was incorrect with respect to Distilling batch pumps at Building 322 not SCD pumps.
- 22. With respect to the allegations in paragraph 158, the Kodak response for Tag #295, leak date 6/7/08, (leak reading 37,998 ppm) specified that the first attempt at repair and the final repair were within the 5/15 day requirement. Documentation of the repairs was included in the response.
- 23. With respect to the allegations in paragraph 159, the report references the March 31, 2010 date; however the missing documentation was discovered on February 16, 2010.
- 24. With respect to the allegations in paragraph 160, the report references the March 31, 2010 date; however the missing documentation was discovered on February 16, 2010.
- 25. With respect to the allegations in paragraph 161, the report references the March 31, 2010 date; however the missing documentation was discovered on February 16, 2010.
- 26. With respect to the allegations in paragraphs 167 and 168, the failure to conduct a repair was reported in Kodak's Title V Annual Compliance Certification for 2009. See Attachment #1 (pages from Kodak's 2009 Annual Compliance Certification Report).
- 27. With respect to the allegations in paragraph 169, the missed inspection detailed in paragraphs 161 and 162 was correctly reported in the 2009 title V annual certification (see Attachment #1). The missed inspections detailed in paragraph 159 and 160 were not reported in the 2008 certification.
- 28. With respect to the allegations in paragraph 181, the failure to monitor was with respect to 66 <u>components</u>. The allegation cites the requirement that is applicable to pumps and is therefore denied with respect to the 65 valves. The allegation is correct with respect to 1 pump.

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- 29. With respect to the allegations in paragraph 189, there are no factual allegations to support this alleged violation and there was no violation with respect to SCD pumps. Further, with respect to the Distilling pumps, Kodak used calibration gases at concentrations approximately equal to what Kodak interpreted to be the applicable leak definition.
- 30. Respondent denies the allegations in paragraphs 193-195 and 197-199 in part because they are not accurate with respect to SCD pumps. Kodak failed to conduct repairs on 6 Distilling batch pumps at Building 322 due to its erroneous interpretation that the pumps were subject to the 10,000 ppm leak standard; but denies that the allegations constitute separate offenses for failure to conduct initial and final attempts to repair.
- 31. With respect to the allegations in paragraph 201, Kodak missed inspections during the weeks of 5/12/08, 5/26/08, and 6/29/09 but did not fail to perform inspections during the week of 7/6/09.
- 32. With respect to the allegations in paragraph 209-211, Kodak denies that the failure to identify non-compliance with the MON LDAR in its Title V annual compliance reports constitutes a violation of 6 NYCRR 201-6.5(e), Kodak Title V Operating permit and the "NYS Operating Program" (sic). Kodak's annual compliance reports were certified by a responsible official based on information and belief formed after reasonable inquiry. The statements and information in the documents were true, accurate, and complete based on the information available at the time of the submission. When Kodak became aware of additional information/evidence of deviations, the deviations were reported in the next annual compliance report. Additionally prior reports were amended by reference in the subsequent report. See Attachment #1 and Attachment #2 (pages from Kodak's 2010 Annual Compliance Certification Report).

Kodak has requested and participated in a settlement conference with respect to this matter. If a negotiated settlement is not achieved, Kodak requests a hearing: (1) to contest material allegations set forth in the complaint, (2) to contend that the amount of the penalty proposed in the complaint is inappropriate; and (3) to seek a judgment with respect to the law applicable to this matter. Copies of all other papers in this matter may be served on Kodak to the attention of:

Jo Ann E. Gould, Esq. Harter Secrest & Emery LLP 1600 Bausch & Lomb Place Rochester, NY 14604-2711



Ann E. Gould

Attorney for Eastman Kodak Company

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Deviation Number	Permit Condition Number	Regulation	Level	Deviation	Probable Cause of Deviation	Corrective / Preventative Action	Notification Date
5	2-19	6NYCRR 201-6.5(f)	FACILITY	Eight valves in MON MACT service (associated with Methanol Supply Tank 362 in B-120) were properly tagged and monitored per the MON MACT but they were not identified in the NOCS report as required by 40CFR 63.1039(a)(1)(ii). The component list in the NOCS report was updated in the MON MACT semi- annual Compliance Report which was submitted on 8/25/2009.	Reporting Error	Corrected Report Submitted	
6	2-19	6NYCRR 201-6.5(f)	FACILITY	One valve in MON MACT service (Tag # 5141 in SynChem) was identified as leaking on 5/14/08. The first attempt at repair was seven days later on 5/21/08 which exceeded the five day limit. The first attempt was successful so the leak repair was completed within the 15 day time limit. NOTE: This deviation was not reported in the Annual Compliance Certification for 2008 but was discovered and reported in the Semiannual Deviation Report for the first half of 2009.	Failure to Follow Procedure	Personnel Re-Training	
7	2-19	6NYCRR 201-6.5(f)	FACILITY	On 8/24/09, a SynChem process pump which was visually leaking was replaced. The replacement pump was not tagged for monitoring as required by the MON MACT. The pump was tagged and monitored on 08/26/09 and confirmed to be non- leaking.	Failure to Follow Procedure	Personnel Re-Training	
8	2-19	6NYCRR 201-6.5(f)	FACILITY	During the period of $5/10/08 - 7/7/09$ , three values associated with a backup hazardous waste pump in the B-302 tank farm had not been identified or monitored for MON MACT. The values were tagged on $7/7/09$ and monitored on $7/9/09$ and confirmed to be non-leaking. The values were monitored under the RCRA LDAR program and had been shown to not be leaking per the MON MACT leak criteria.	Implementation Error	Components identified and added to inventory. Record- keeping initiated.	

Deviation Number	Permit Condition Number	Regulation	Level	Deviation	Probable Cause of Deviation	Corrective / Preventative Action	Notification Date
9	2-19	6NYCRR 201-6.5(f)	FACILITY	During the period of 5/10/08 - 12/31/09, five valves associated with a particular solvent line between Distilling B- 322 and SynChem B-304 were not monitored as required under the newly-effective 40 CFR Part 63, Subpart FFFF regulation (Miscellaneous Organic Chemical MACT). This occurred during the development of the initial inventory of regulated components, when the solvent line was inadvertently overlooked during the review of process drawings. All five components were subsequently tagged and monitored on 2/19/10 and confirmed to be non-leaking. NOTE: This deviation was not included in the Title V annual report for 2008 or the semiannual deviation reports for 2008 or the first half of 2009.	Implementation Error	Components identified and added to inventory. Record- keeping initiated.	

Deviation Number	Persait Condition Number	Regulation	Lovel		Deviation		Probable Cause of Deviation	Corrective / Preventative Action	Notification Date
				compliance pro in a single MCF correctly applie repair threshok However, Koda definition and a pumps in the M the 1,000 ppm I since this MCF monthly Metho since the MON	2U as specified in the re rd a 1,000 ppm leak def d to the continuous pur lk incorrectly applied to repair threshold of 10,0 ICPU. These pumps at eak definition and 2,00 U has continuous proce rd 21 monitoring result	perations were included egulation. Kodak inition and a 2,000 ppm nps in the MCPU, he batch pump leak 00 ppm to the 27 batch would have been subject to 0 ppm repair threshold, as vents. A review of the a for all 27 batch pumps te (May 10, 2008) resulted			
			Component ID	Identified (> 1,000 but < 10,000 ppm)	Performed As Required (> 2,000 but < 10,000 ppm)		LDAR Monitoring Procedure		
10	2-19	6NYCRR 201-6.5(f)	FACILITY	76	2008 – May & Sep 2009 – Feb, Mar, Apr, May & Jun	2009 - Feb, Mar, Apr, May & jun of MON MACT			
		<i>201-</i> 0.2(1)		295	2008 - May, Jun, Jul, Sep, Oct, Nov & Dec 2009 - Feb, Mar, May & Jun	2008 - May, Sep, Oct, & Dec 2009 - Feb, Mar, May & Jun	LDAR Applicability	& Pump Repair, Upgrade or Removal	
		· ·		<u>332</u> 805	2008 - May, Jun 2008 - Dec 2009 - Jan	2008 - May, Jun 2008 - Dec			
		r		840	2008 - Jun & Jul	None			
				870	2008 - May, Jun, Sep & Dec 2009 - Jan, Feb & May	2008 - Jun, Sep & Dec 2009 - Jan & May			
			1243	2008 - Jun & Nov 2009 - Jan & Feb	2006 - Jun & Nov 2009 - Feb				
				20 Other Batch Pumps	None	None			
				(Continued on	next page)	·			

Permit # 8-2614-00205/01801

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Deviation Number	Permit Condition Number	Regulation	Level		Deviation	Probable Cause of Deviation	Corrective / Preventative Action	Notification Date
	(Continued from previous page) Kodak became aware of this issue on 6/17/2009 and implemented the following corrective actions:							
			Pump Component ID	Corrective Action				
10				76	Pump seal replaced 6/24/09.			
10 (Cont)				295	Pump removed 6/23/09.			
				332	Pump had been removed 6/27/08.			
				805	Pump upgraded to double mechanical seal with barrier fluid system 6/22/09.			
				840	No leak readings > 1,000 ppm since July 2008. Continue monthly monitoring.			
				870	Pump seal replaced 6/25/09.			
				1243	Pump upgraded to double mechanical seal with barrier fluid system 7/10/09.			
11	2-19	6NYCRR 201-6-5(f)	FACILITY	During the week of 6/29/09 - 7/5/09, the weekly LDAR visual inspections required for OLD MACT (one pump) and MON MACT (pumps and open-ended valves and lines) were not performed. The visual inspections were performed the next week (7/6/09 - 7/12/09) and none of the components were leaking.		Failure to Follow Procedure	Personnel Re-Training	

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Condition Number	Regulatory Citation	Permit Level	Deviation Description	Deviation Cause	Deviation Remedy	Written Notification Date
		FACILITY	submit the Op Flex change summary with the semi-annual monitoring report. Per subsequent agreement with NYSDEC, Kodak will continue to submit the hardcopy summary under separate cover prior to electronic submission of each semi-annual monitoring report. In compliance with Condition 2-20, the summary of Operational Flexibility changes for calendar year 2010 was submitted to NYSDEC on January 26, 2011.			
2-19	6 NYCRR 201- 6.5 (f)	FACILITY	Upon review of MON MACT leak monitoring records for B-322 on 2/16/10, it was discovered that documentation for the weekly visual inspection for component leaks was missing for Week #22, 2008, and for Week #27, 2009. The weekly inspection records for Week #23, 2008, and for Week #28, 2009 showed that there were no visible/sensory leaks. Since this deviation was not identified until after the reporting periods for 2008 and 2009, it was not included in the Title V annual reports for those years or the semiannual report for the first half of		All other weekly records are available	
513	40 CFR 52.21	U-00047, 03818	2008 and the second half of 2009. For the months of January, 2009 - April, 2010, the rolling 12-month total of VOCs was incorrectly calculated as the cumulative sum of VOCs since January, 2008. This programming error was created in January, 2008, when the computer program was "fixed" to correct a previously-reported data processing error.		Data Processing Corrected	

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**ATTACHMENT 2** 

2/15/11 11:03 AM

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Condition Number	Regulatory Citation	Permit Level	Deviation Description	Deviation Cause	Deviation Remedy	Written Notification Date
			second time delay) was exceeded while waste was present in the hearth. The maximum pressure reached -0.02 inches water. This event occurred due to a flare up in the hearth and resulted in an automatic waste feed cutoff. Operations took measures to control the flareup consistent with the Startup, Shutdown, Malfunction Plan and waste feed was resumed approximately one minute later at 6:32 AM. All other permit operating parameters were maintained and there were no excess or fugitive emissions during this instance.			
1-14	40 CFR 63.1203				Process Upset Corrected	
2-19	6 NYCRR 201- 6.5 (f)	FACILITY	During the period of 5/10/08 – 5/5/10, one valve associated with the B-325 Recovery Tarik (on the inlet to the pump) had not been identified or monitored for MON MACT. The valve was identified and tagged during the MON MACT biennial valve monitoring in West Chemicals on 5/5/10, monitored on		Component identified and added to inventory. Recordkeeping initiated.	

Condition Number	Regulatory Citation	Permit Level	Deviation Description	Deviation Cause	Deviation Remedy	Written Notification Date
		FACILITY	5/5/10 and confirmed to be non-leaking. Since this deviation was not identified until after the reporting periods for 2008 and 2009, it was not included in the Title V annual or semiannual reports for those years.			
2-19	6 NYCRR 201- 6.5 (f)	FACILITY	During the period of 5/10/08 - 1/28/10, two (2) valves on the roof of B-304 in HAP service and three (3) valves at B- 322 in HAP service had not been identified or monitored for MON MACT. On 1/28/10, the valves were tagged, monitored and verified to be not leaking. Since this deviation was not identified until after the reporting periods for 2008 and 2009, it was not included in the Title V annual or semiannual reports for those years.		Component identified and added to inventory. Recordkeeping initiated	
2-19	6 NYCRR 201- 6.5 (f)	FACILITY	On 2/7/10, MON MACT weekly visual/sensor inspection for leaking components identified a leaking weld on a pipe elbow. A short-term repair was made to stop the leak on 2/8/10, however, this activity was not documented in accordance with 63.1024(f). The pipe section was replaced on 3/11/10, and follow-up monitoring on 3/12/10 showed there	Failure to Follow Procedure	Personnel Re-Training	
2-19	6 NYCRR 201- 6.5 (f)	FACILITY	Upon review of MON MACT leak monitoring records during March 2010, it was discovered that 44 of 133 new components put into HAP service after initial valve monitoring (April - June, 2008) were not monitored within the required 3 month period after being placed into HAP service. Components were monitored by 3/23/10 and verified	Implementation Error	Component added to monitoring schedule. Recordkeeping initiated.	

Condition Number	Regulatory Citation	Permit Level	Deviation Description	Deviation Cause	Deviation Remedy	Written Notification Date
		FACILITY	to be not leaking. Since this deviation was not identified until after the reporting periods for 2008 and 2009, it was not included in the Title V annual or semiannual reports for those years.			
2-19	6 NYCRR 201- 6.5 (f)	FACILITY	Upon review of MON MACT leak monitoring records for B-325 on 2/16/10, it was discovered that documentation for the weekly visual inspection for leaking components was missing for Week #20, 2008. Review of the weekly inspection record for Week #21, 2008, showed that there were no visible/sensory leaks. Since this deviation was not identified until after the reporting periods for 2008, it was not included in the Title V annual report for 2008 or the semiannual report for the first half of 2008.		All other weekly records are available	
2-19	6 NYCRR 201- 6.5 (f)	FACILITY	On 5/22/10 at 12:45 PM, during the plant startup after a 4+ day long maintenance shutdown of the B-322 cooling tower, the B-322 Scrubber System liquid / vapor ratios (methanol and water) were not maintained at or above the ratios established by the Performance Test for a period of 17 minutes. All other MON MACT monitoring parameters on the control system were maintained during this time.	-	An interlock was installed that will shut down all distillation operations and close the fill valves on storage tanks in the event that the vent header vapor flow rate exceeds 120 SCFM (vapor loading rate demonstrated during the Performance Test).	
2-19	6 NYCRR 201- 6.5 (f)	FACILITY	On 2/8/10 at 2:50 AM, while manufacturing a MON MACT Group 1 halogen HAP process, the process was automatically suspended because the prescrubber system for HCI emissions control was not regenerating (draining some of the spent caustic/water	Equipment Malfunction and Failure to Follow Procedure	Equipment Repaired and Personnel Re-Training	

## Sylvestri, Paul

Harner, Tim [tharner@upstateniagara.com] From: Friday, April 22, 2011 4:47 PM Sent: Fileri, Philip Tuori, Thomas; Sylvestri, Paul; Bennetti, Phyllis Subject: RE: PAT WEED (?)

All,

To:

Cc:

The best way to reach Pat Weed is his cell: 716-863-1297.

The second best way is to call his office and leave a vmail: 716-892-3156 ext. 2562.

The universally best back up way to track somebody down at Upstate is to call Phyllis Bennetti and have her do it.

Tim

From: Fileri, Philip [mailto:pfileri@hselaw.com] Sent: Friday, April 22, 2011 4:36 PM To: Harner, Tim Cc: Tuori, Thomas; Sylvestri, Paul Subject: PAT WEED (?)

Tim

Tom Tuori was asking if we had contact information for Pat Weed. Do you have it?

Phil



Philip R. Fileri Harter Secrest & Emery LLP, Attorneys and Counselors 1600 Bausch & Lomb Place, Rochester, NY 14604-2711 Firm 585.232.6500 Direct 585.231.1225 Fax 585.232.2152 pfileri@hselaw.com

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#### CERTIFICATE OF SERVICE

I, Margaret M. Embury, do hereby certify that a true and exact copy of the

foregoing Answer and Request for Hearing was served by way of United Parcel Service,

Overnight Delivery, on May 4, 2011, addressed as follows:

Karen Maples, Regional Hearing Clerk United States Environmental Protection Agency Region 2 690 Broadway, 16<sup>th</sup> Floor New York, NY 10007-1866

And

Kara E. Murphy Assistant Regional Counsel United States Environmental Protection Agency Region 2 690 Broadway, 16<sup>th</sup> Floor New York, NY 10007-1866

MEmbruy Margaret M. Embury