

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 5 77 WEST JACKSON BOULEVARD CHICAGO II 60604-3590

JAN 3 0 2018

REPLY TO THE ATTENTION OF:

VIA E-MAIL

Michael S. McMahon Owens Corning Roofing and Asphalt, LLC 890 West Smith Road Medina, Ohio 44256 Email: mmcmahon@mdllp.net

Dear Mr. McMahon:

Please direct any questions regarding this case to Nidhi O'Meara, Associate Regional Counsel, (312) 886-0568.

Sincerely,

Nathan Frank, Chief

Air Enforcement and Compliance Assurance Section (IL/IN)

Enclosure

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

Regional Hearing Clerk/E-19J

Nidhi O'Meara/C-14J

Robert Hodanbosi/Ohio EPA

Sam Rubens/Akron Regional Air Quality Management



In the Matter of:) Docket No. CAA-05-2017-0017
Owens Corning Roofing and) Proceeding to Assess a Civil Penalty
Asphalt, LLC) Under Section 113(d) of the Clean Air
Medina, Ohio) Act,
) 42 U.S.C. § 7413(d)
Respondent.)
•	

AMENDED

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.
- Complainant is the Director of the Air and Radiation Division,
 U.S. Environmental Protection Agency (EPA), Region 5.
- 3. Respondent is Owens Corning Roofing and Asphalt, LLC (Owens Corning), a corporation doing business in Ohio.
- 4. On March 27, 2017, the parties agreed to settle one or more causes of action before the filing of a complaint through an administrative consent agreement and final order (CAFO) that commenced and concluded the action simultaneously. 40 C.F.R. § 22.13(b).

- 5. The March 27, 2017 CAFO required Owens Corning to complete a Supplemental Environmental Project (SEP) by installing innovative technology to reduce hydrogen chloride (HCl) emissions from Converters # 4 and #5 at the facility.
- 6. Owens Corning has since determined such technology will not reduce HCl emissions as projected.
- 7. Instead, Owens Corning will implement a SEP as set forth below that will completely eliminate HCl emissions from the use of ferric chloride catalyst.
- 8. This amended consent agreement and final order (Amended CAFO) amends, replaces and incorporates the CAFO filed on March 27, 2017.
- 9. 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.
- 10. Respondent has paid the civil penalty specified in the March 27, 2017 CAFO and consents to the terms of this Amended CAFO.

Jurisdiction and Waiver of Right to Hearing

- 11. Respondent admits the jurisdictional allegations in this Amended CAFO and neither admits nor denies the factual allegations in this Amended CAFO.
- 12. 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 Amended CAFO and its right to appeal this Amended CAFO.

Statutory and Regulatory Background

Title V Permit Program

13. Title V of the CAA, 42 U.S.C. §§ 7661-7661f, establishes an operating permit program for major sources of air pollution.

- 14. Section 502(a) of the CAA, 42 U.S.C. § 7661a(a), and 40 C.F.R. § 70.7(b) state 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.
- 15. In accordance with Section 502(b) of the CAA, 42 U.S.C. § 7661a(b), EPA promulgated regulations establishing the minimum elements of a Title V permit program to be administered by any air pollution control agency. See 57 Fed. Reg. 32295 (July 21, 1992). Those regulations are codified at 40 C.F.R. Part 70.
- 16. Section 502(d) pf the CAA, 42 U.S.C. § 7661a(d) requires each State to submit to EPA a permit program meeting the requirements of Title V.
- 17. 40 C.F.R. Part 70, Appendix A states that the effective date of the State of Ohio operating permit program is September 12, 2001.
- 18. 40 C.F.R. § 70.6(b)(1) states that all terms and conditions in a Title V permit are enforceable by EPA.
- 19. 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 CAA violations that occurred after January 12, 2009 through December 6, 2013; a civil penalty of up to \$37,500 per day of violation up to a total of \$320,000 for CAA violations that occurred after December 6, 2013 through November 2, 2015 and a civil penalty of up to \$45,268 per day of violation up to a total of \$362,141 for CAA violations that occurred after November 2, 2015 under Section 113(d)(1) of the CAA, 42 U.S.C. § 7413(d)(1), See also 40 C.F.R. Part 19 and Civil Monetary Penalty Inflation Adjustment Rule, 81 Fed. Reg. 43091 (July 1, 2016) (to be codified at 40 C.F.R. Part 19).

- 20. 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.
- 21. 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 Amended CAFO.

Factual Allegations and Alleged Violations

Factual Allegations

- 22. Owens Corning owns and operates an asphalt processing and asphalt roofing manufacturing facility located at 890 West Smith Road, Medina, Ohio (Facility).
- 23. The Facility consists of various asphalt blowing stills/convertors, including Emission Unit P006 (Convertor #4) and Emission Unit P007 (Convertor #5).

2006 Title V Permit

- 24. Ohio Environmental Protection Agency (Ohio EPA) issued a Final Title V Permit, effective March 1, 2006, (2006 Title V Permit) to the Respondent (Permittee) for its Facility on February 22, 2006.
- 25. Part III, Condition P006-A.I.1 of the 2006 Title V Permit states that the emission limit for HCl from Convertor #4 is 5.27 pounds per hour (lbs/hr) and 16.44 tons per year (tpy).
- 26. Part III, Condition P007-A.I.1 of the 2006 Title V Permit states that the emission limit for HCl from Convertor #5 is 5.27 lbs/hr and 16.44 tpy.

2011 Title V Permit

- 27. Ohio EPA issued a Renewal Part 70 Operating Permit, No. P0106884, effective August 1, 2011, (2011 Title V Permit) to the Respondent for its Facility on July 11, 2011.
- 28. Condition C.10.b)(1)a of the 2011 Title V Permit states that the emission limit for HCl from Convertor #4 is 5.27 lbs/hr and 16.44 tpy.
- 29. Condition C.10.b)(1)a of the 2011 Title V Permit states that the emission limit for HCl from Convertor #5 is 5.27 lbs/hr and 16.44 tpy.

2013 Title V Permit

- 30. Ohio EPA issued a Final Air Pollution Control Title V Permit, No. P0115546, effective November 4, 2013 (2013 Title V Permit) to the Respondent for its Facility on November 4, 2013.
- 31. Condition C.9.b)(1)a of the 2013 Title V Permit states that the emission limit for HCl from Convertor #4 is 5.27 lbs/hr and 16.44 tpy.
- 32. Condition C.9.b)(1)a of the 2013 Title V Permit states that the emission limit for HCl from Convertor #5 is 5.27 lbs/hr and 16.44 tpy.

Convertor #4 and Convertor #5

- 33. Emissions generated at Convertors #4 and #5 are controlled by a single thermal incinerator.
- 34. In September 2015, Owens Corning conducted emission testing at the thermal incinerator which controls emissions from Convertors #4 and #5 to demonstrate compliance with allowable mass emission rates at Convertors #4 and #5 (2015 Emission Test).
- 35. The results of the 2015 Emission Test showed that the combined HCl mass emission rate from Convertors #4 and #5 was 32.06 lbs/hr.

- 36. Based on the 2015 Emission Test, Owens Corning exceeded its HCl emissions limits of 5.27 lbs/hr and 16.44 tpy at Convertor #4.
- 37. Based on the 2015 Emission Test, Owens Corning exceeded its HCl emissions limits of 5.27 lbs/hr and 16.44 tpy at Convertor #5.
- 38. Owens Corning provided information on the volume of ferric chloride catalyst added to the batches at Convertors #4 and #5 during the 2015 Emission Test.
- 39. Owens Corning provided information on the volume of ferric chloride catalyst added to each batch at Convertors #4 and #5 from May 1, 2011 through February 4, 2016.
- 40. On or about February 4, 2016, after making adjustments to Convertors #4 and #5, Owens Corning conducted additional emission testing at the thermal incinerator which controls emissions from Convertors # 4 and #5 to demonstrate compliance with allowable mass emissions rates at Convertors #4 and #5.
- 41. The results of the February 4, 2016 emission testing showed that as of February 4, 2016, Owens Corning was in compliance with the HCl mass emission limits for Convertors #4 and #5.
- 42. From on or about May 1, 2011 through on or about February 4, 2016, based on its ferric chloride catalyst usage at Convertor #4, Owens Corning exceeded the HCl emission limit of 5.27 lbs/hr at Convertor #4.
- 43. From on or about May 1, 2011 through on or about February 4, 2016, based on its ferric chloride catalyst usage at Convertor #5, Owens Corning exceeded the HCl emission limit of 5.27 lbs/hr at Convertor #5.

- 44. On January 15, 2016, EPA issued a NOV to the Respondent, alleging that the Respondent had violated the CAA, its implementing regulations, and its 2006, 2011 and 2013 Title V Operating Permits at Convertors #4 and #5.
 - 45. EPA also sent a copy of the January 15, 2016 NOV to Ohio EPA.
- 46. On or about September 15, 2016, Ohio EPA issued an administrative modification (Permit Number P0121041) to Owens Corning that increased the HCl emission limits to 23.73 lbs/hr and 99.40 tpy for Convertor #4.
- 47. On or about September 15, 2016, Ohio EPA issued an administrative permit modification (Permit Number P0121041) to Owens Corning that increased the HCl emission limits to 23.73 lbs/hr and 99.40 tpy for Convertor #5.

Alleged Violations

Convertor #4 - Count 1

- 48. The preceding paragraphs are incorporated by reference.
- 49. On or about May 1, 2011 through February 4, 2016, Respondent violated Section 502 of the CAA, 40 C.F.R. Part 70, and its 2006, 2011 and 2013 Title V Permits by exceeding the HCl emission limits at Convertor #4.
- 50. Respondent's violation of Section 502 of the CAA, 40 C.F.R. Part 70, and its 2006, 2011 and 2013 Title V Permits at Convertor #4 subjects Respondent to the issuance of an Administrative Complaint assessing a civil penalty under Section 113(d) of the CAA, for each day of violation.

Convertor #5 – Count 2

51. The preceding paragraphs are incorporated by reference.

- 52. On or about May 1, 2011 through February 4, 2016, Respondent violated Section 502 of the CAA, 40 C.F.R. Part 70, and its 2006, 2011 and 2013 Title V Permits by exceeding the HCl emission limits at Convertor #5.
- Respondent's violation of Section 502 of the CAA, 40 C.F.R. Part 70, and its 2006, 2011 and 2013 Title V Permits at Convertor #5 subjects Respondent to the issuance of an Administrative Complaint assessing a civil penalty under Section 113(d) of the CAA, for each day of violation.

Civil Penalty

- 54. Based on analysis of the factors specified in Section 113(e) of the CAA,
 42 U.S.C. § 7413(e), the facts of this case and Respondent's cooperation, prompt return to
 compliance and agreement to perform a supplemental environmental project (SEP), Complainant
 has determined that a civil penalty to settle this action for \$90,000 is appropriate.
- 55. In accordance with the CAFO filed on March 27, 2017, Respondent paid the civil penalty of \$90,000 within 30 days after the effective date of the March 27, 2017 CAFO by electronic funds transfer.
- 56. Respondent has sent a notice of payment that states Respondent's name and the docket number of the March 27, 2017 CAFO to EPA.
 - 57. This civil penalty is not deductible for federal tax purposes.
- 58. If Respondent does not timely pay the civil penalty, 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.

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 attorney's 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 Environment Project

- 60. In accordance with the March 10, 2015 Update to the 1988 SEP Policy, Respondent must complete a SEP designed to protect the environment and public health by completely eliminating the use of ferric chloride catalyst and HCl emissions caused by the use of ferric chloride catalyst from its Facility at Convertors #1, #2, #3, #4, and #5.
- Respondent must complete the SEP as follows at its Medina, Ohio Facility:

 Respondent will completely eliminate the use of ferric chloride catalyst through the removal of ferric chloride catalyst storage and injection equipment. The Respondent will install a Poly-Phosphoric Acid (PPA) injection system for Convertors #1, #2, #3, #4, and #5.
- 62. The SEP must be completed by September 27, 2018. The SEP will include the following milestones/tasks, at a minimum:

SEP Activity/Task	Completion Date
a. SEP Approval/Funding	2-3 weeks after this Amended CAFO
	becomes effective

l	b. Baseline Engineering Assessment	4-16 weeks after this Amended CAFO
		becomes effective
(c. System/Equipment Design and Review	12-18 weeks after this Amended CAFO
		becomes effective
(l. Sourcing/Fabrication	10-18 weeks after this Amended CAFO
		becomes effective
	e. Installation/Start-up	21-25 weeks after this Amended CAFO
		becomes effective
	Test/Fine-Tune/Retest	10-24 weeks after this Amended CAFO
		becomes effective
	g. Continuous operation of the PPA system at the facility.	No later than September 27, 2018
]	n. Respondent will submit a permit application to Ohio EPA, with a copy	No later than September 27, 2018
	to EPA, seeking a modification to the	
	Permit to Install and the Title V	
	permit that, at a minimum to	
	completely eliminate the use of ferric chloride catalyst at the facility.	

- 63. Respondent must spend at least \$240,000 to complete this SEP. The Respondent expects that the costs will total one million dollars.
- 64. EPA may inspect the facility at any time to monitor Respondent's compliance with this Amended CAFO's SEP requirements.
- 65. Respondent must maintain copies of the underlying research and data for all reports submitted to EPA pursuant to this Amended CAFO. Respondent must provide the

documentation of any underlying research and data to EPA within seven days of EPA's request for the information.

- 66. Respondent must submit a monthly status report regarding progress made on each task described in paragraph 62 of this Amended CAFO, within 15 days after the end of each month.
- 67. Respondent must submit a SEP completion report to EPA within 30 days after the completion of the last task described in paragraph 62 of this CAFO. 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 to document that at least \$240,000 was spent;
 - d. Certification that Respondent has completed the SEP in compliance with this Amended CAFO; and
 - e. Description of the environmental and public health benefits resulting from the SEP (quantify the benefits and pollution reductions, if feasible).
- 68. Respondent must submit all notices and reports required by this Amended CAFO by first-class mail to:

Attn: Compliance Tracker (AE-18J)
Air Enforcement and Compliance Assurance Branch
Air and Radiation Division
U.S. Environmental Protection Agency, Region 5
77 W. Jackson Boulevard
Chicago, Illinois 60604

A copy of the all notices and reports required by this Amended CAFO must also be sent to Ms. Nidhi O'Meara via electronic mail to omeara.nidhi@epa.gov.

69. In each report that Respondent submits as provided by this Amended 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.

- 70. Following receipt of the SEP completion report described in paragraph 67 of this Amended CAFO, 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 72 of this Amended CAFO.
- 71. If EPA exercises the option in paragraph 70.b. of this CAFO, 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. 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 72 of this Amended CAFO.
- 72. If Respondent violates any requirement of this Amended CAFO relating to the SEP, Respondent must pay stipulated penalties to the United States as follows:
 - Except as provided in subparagraph b, below, if Respondent did not complete the SEP satisfactorily according to the requirements of this Amended CAFO, including the schedule of tasks in paragraph 62 of this Amended CAFO, Respondent must pay a stipulated penalty of \$183,711.

- 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 Respondent certifies, with supporting documents, that it spent at least 90 percent of \$240,000, 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 \$240,000, Respondent must pay a stipulated penalty of \$45,928.
- d. If Respondent did not submit timely the SEP completion report or any other report required by paragraphs 66 and 67 of this Amended CAFO, Respondent must pay penalties in the following amounts for each day after the report was due until it submits the report:

Penalty per violation per day	Period of violation
\$500	1 st through 14 th day
\$750	15 th through 30 th day
\$1,000	31st day and beyond

- 73. 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.
- 74. Respondent must pay any stipulated penalties within 15 days of receiving EPA's written demand for the penalties, and will pay interest and nonpayment penalties on any overdue amounts.
- 75. Respondent must pay any stipulated penalties due under paragraph 72 of this CAFO, within 15 days of receiving EPA's written demand for the stipulated penalties, and will pay interest and nonpayment penalties on any overdue amounts.
- 76. Any public statement that Respondent makes referring to the SEP must include the following language: "Owens Corning Roofing and Asphalt LLC undertook this project under the settlement of the United States Environmental Protection Agency's enforcement action against Owens Corning Roofing and Asphalt LLC for violations of the Clean Air Act and its Air Permit issued by the Ohio Environmental Protection Agency."

Certifications

- 77. With regard to the SEP, Respondent certifies to the truth and accuracy of each of the following:
 - a. That all cost information provided to the EPA in connection with the EPA's approval of the SEP is complete and accurate and that Respondent in good faith estimates that the cost to implement the SEP is at least \$240,000;
 - b. That, as of the date of executing this Amended CAFO, Respondent is not required to perform or develop the SEP by any federal, state, or local law or regulation and is not required to perform or develop the SEP by agreement, grant, or as injunctive relief awarded in any other action in any forum;
 - c. That the SEP is not a project that Respondent was planning or intending to construct, perform, or implement other than in settlement of the violations resolved in this Respondent;
 - d. That Respondent has not received and will not receive credit for the SEP in any other enforcement action;
 - e. That Respondent will not receive reimbursement for any portion of the SEP from another person or entity;
 - f. That for federal income tax purposes, Respondent agrees that it will neither capitalize into inventory or basis nor deduct any costs or expenditures incurred in performing the SEP;
 - g. Respondent is not a party to any open federal financial assistance transactions that is funding or could fund the same activity as the SEP described in this Amended CAFO;

General Provisions

78. Consistent with the Standing Order Authorizing E-Mail Service of Orders and Other Documents Issued by the Regional Administrator or Regional Judicial Officer under the Consolidated Rules, dated March 27, 2015, the parties consent to service of this Amended CAFO by e-mail at the following valid e-mail addresses for their respective attorneys:

omeara.nidhi@epa.gov (for Complainant), and mmcmahon@mdllp.net (for Respondent). The parties waive their right to service by the methods specified in 40 C.F.R. § 22.6.

- 79. This Amended CAFO resolves only Respondent's liability for federal civil penalties for the violations alleged in this Amended CAFO.
- 80. The Amended 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.
- 81. This Amended 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 79 of this Amended CAFO, compliance with this Amended CAFO will not be a defense to any actions subsequently commenced pursuant to federal laws administered by EPA.
- 82. To the best of its knowledge, Respondent certifies that it is complying fully with the CAA and other applicable federal, state and local laws.
- 83. This Amended 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).
 - 84. The terms of this Amended CAFO bind Respondent, its successors and assigns.
- 85. 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.
 - 86. Each party agrees to bear its own costs and attorney's fees in this action.
 - 87. This Amended CAFO constitutes the entire agreement between the parties.

Owens Corning Roofing and Asphalt, LLC, Respondent

1-22-2018

Date

Jeffery S. Wilke

V.P. and Assistant General Counsel Labor, Employment and Regulatory Law

United States Environmental Protection Agency, Complainant

Date Edward Nam

Director

Air and Radiation Division

U.S. Environmental Protection Agency, Region 5

Amended Consent Agreement and Final Order In the Matter of: Owens Corning Roofing and Asphalt, LLC Docket No. CAA-05-2017-0017

Final Order

This Amended 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.

Date

Ann L. Coyle

Regional Judicial Officer

U.S. Environmental Protection Agency

Region 5

Amended Consent Agreement and Final Order

In the matter of: Owens Corning Roofing and Asphalt, LLC

Docket Number: CAA-05-2017-0017

CERTIFICATE OF SERVICE

I certify that I served a true and correct copy of the foregoing Amended Consent Agreement and Final Order, docket number CAA-05-2017-0017, which was filed on 1/30/2018, in the following manner to the following addressees:

Copy by E-mail to

Nidhi O'Meara

Attorney for Complainant:

omeara.nidhi@epa.gov

Copy by E-mail to

Michael S. McMahon

Attorney for Respondent:

mmcmahon@mdllp.net

Copy by E-mail to

Regional Judicial Officer:

Ann Coyle

coyle.ann@epa.gov

Dated:

KaDawn Whitehead

Regional Hearing Clerk

U.S. Environmental Protection Agency, Region 5