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**\*\* FILED \*\***  
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United States Environmental Protection Agency, Region IX

Attorneys for Complainant

UNITED STATES  
ENVIRONMENTAL PROTECTION AGENCY  
REGION IX  
75 HAWTHORNE STREET  
SAN FRANCISCO, CALIFORNIA 94105

_____	)	Docket No. CAA-09-2017-0002
In the Matter of:	)	
	)	
	)	
Knight Transportation, Inc.,	)	CONSENT AGREEMENT AND
Respondent	)	FINAL ORDER PURSUANT TO
	)	40 C.F.R. §§ 22.13 and 22.18
_____	)	

**I. CONSENT AGREEMENT**

**A. PRELIMINARY STATEMENT**

1. This is a civil administrative penalty assessment proceeding brought under section 113(d) of the Clean Air Act (the "Act"), 42 U.S.C. § 7413(d), and sections 22.13 and 22.18 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. In accordance with 40 C.F.R. §§ 22.13 and

22.18, entry of this Consent Agreement and Final Order (“CAFO”) simultaneously initiates and concludes this matter.

2. Complainant is the Director of the Enforcement Division, United States Environmental Protection Agency, Region IX (the “EPA”), who has been duly delegated the authority to initiate and settle civil administrative penalty proceedings under section 113(d) of the Act.
3. Respondent is Knight Transportation, Inc. (“Knight” or “Respondent”) is a private, for-hire motor carrier that owns, operates and hires diesel-fueled vehicles driven in California.
4. Complainant and Respondent, having agreed that settlement of this action is in the public interest, consent to the entry of this CAFO without adjudication of any issues of law or fact herein, and Respondent agrees to comply with the terms of this CAFO.

#### B. JURISDICTION

5. Pursuant to section 113(d)(1) of the Act, 42 U.S.C. § 7413(d)(1), EPA and the United States Department of Justice jointly determined that this matter, which involves alleged violations that occurred more than one year before the initiation of this proceeding, is appropriate for an administrative penalty assessment.
6. In satisfaction of the notice requirements of section 113(a) of the Act, 42 U.S.C. § 7413(a), on February 11, 2016, EPA issued to Respondent a notice of violation (“NOV”) and provided a copy of the NOV to the California Air Resources Board, providing notice to both that EPA found that Respondent committed the alleged violations described in Section D of this CAFO and providing Respondent an opportunity to confer with the EPA. On May 3, 2016, representatives of Respondent and EPA

discussed the NOV.

### C. GOVERNING LAW

#### Clean Air Act

7. Pursuant to section 107(d) of the Act, 42 U.S.C. § 7407(d), the Administrator promulgated lists of attainment status designations for each air quality control region (“AQCR”) in every state. These lists identify the attainment status of each AQCR for each of the criteria pollutants. The attainment status designations for California AQCRs are listed at 40 C.F.R. § 81.305.
8. There are seven AQCRs designated as nonattainment for fine particulate matter (i.e., PM<sub>2.5</sub>) in California, including all of the San Joaquin Valley and the Los Angeles-South Coast Air Basin. *See* 40 C.F.R. § 81.305.
9. Section 110(a) of the Act requires that all states adopt SIPs that provide for the implementation, maintenance and enforcement of primary and secondary air quality standards. 42 U.S.C. § 7410(a).
10. A person’s failure to comply with any approved regulatory provision of a SIP renders the person in violation of an applicable implementation plan and subject to enforcement under section 113(a)(1) of the Act. 42 U.S.C. § 7413(a)(1).

#### Title 13, Section 2025 of California Code of Regulations: On-Road Heavy-Duty Diesel Vehicles

11. On December 14, 2011, California Air Resources Board (“ARB”) amended its “Regulation to Reduce Emissions of Diesel Particulate Matter, Oxides of Nitrogen and Other Criteria Pollutants From In-Use Heavy-Duty Diesel-Fueled Vehicles,” codified at title 13, section 2025 of the California Code of Regulations (the “Truck and Bus Regulation”).

12. The Truck and Bus Regulation was incorporated into the federal SIP on May 4, 2012.  
*See 77 Fed. Reg. 20308 (April 4, 2012).*
13. Under section 2025(d)(18) of the Truck and Bus Regulation, “Diesel Particulate Matter (PM)” means “the particles found in the exhaust of diesel fueled compression ignition engines. . . .”
14. Under section 2025(d)(28) of the Truck and Bus Regulation, “Fleet” means “one or more vehicles, owned by a person, business, or government agency, traveling in California and subject to this regulation.”
15. Under section 2025(d)(29) of the Truck and Bus Regulation, “Fleet Owner” means, with certain exceptions, “either the person registered as the owner or lessee of a vehicle by the California Department of Motor Vehicles (DMV), or its equivalent in another state, province, or country, as evidenced on the vehicle registration document carried in the vehicle.”
16. Under section 2025(d)(47) of the Truck and Bus Regulation, “Person” means “an individual, corporation, business trust, estate, trust, partnership, Limited Liability Company, association, joint venture, government, governmental subdivision, agency, or instrumentality, public corporation, or any other legal or commercial entity.”
17. The Truck and Bus Regulation applies to diesel-fueled trucks and buses that are privately or federally owned, and to publicly and privately owned school buses, that have a manufacturer's gross vehicle weight rating (“GVWR”) greater than 14,000 pounds. The ARB Rule requires, in part, Fleet Owners to upgrade their vehicles to meet specific performance standards for oxides of nitrogen (“NOx”) and particulate matter (“PM”).

18. Section 2025(x)(2) of the Truck and Bus Regulation provides that “[a]ny in-state or out-of-state motor carrier, California broker, or any California resident who operates or directs the operation of any vehicle subject to this regulation shall verify that each hired or dispatched vehicle is in compliance with the regulation and comply with the record keeping requirements of Section 2025(s)(4).”
19. Under section 2025(s)(4) of the Truck and Bus Regulation, motor carriers or brokers must maintain bills of lading and other documentation identifying the motor carrier or broker who hired or dispatched the vehicle and the vehicle dispatched.
20. Section 2025(x)(3) of the Truck and Bus Regulation provides that “[c]ompliance may be accomplished by keeping at the business location, a copy of the Certificate of Reported Compliance with the In-Use On-Road Diesel Vehicle Regulation for each fleet, or in the vehicle.”

#### D. ALLEGED VIOLATIONS OF LAW

21. Respondent is a “Person” as that term is defined under section 302(e) of the Act, 42 U.S.C. § 7602(e), and section 2025(d)(47) of the Truck and Bus Regulation.
22. Respondent has a “Fleet” of vehicles as that term is defined under section 2025(d)(28) of the Truck and Bus Regulation, and is a “Fleet Owner” as that term is defined under section 2025(d)(29) of the Truck and Bus Regulation.
23. Respondent is a “Motor Carrier” as that term is defined under section 2025(d)(42) of the Truck and Bus Regulation.
24. Respondent is liable for violations of section 2025(x)(2) of the Truck and Bus Regulation by failing to verify compliance with the Truck and Bus Regulation of hired or dispatched vehicles, hired between May 4, 2012 and June 30, 2015.

E. TERMS OF CONSENT AGREEMENT

25. For the purpose of this proceeding, as required by 40 C.F.R. § 22.18(b)(2), Respondent:
- a. admits that EPA has jurisdiction over the subject matter alleged in this CAFO and over Respondent;
  - b. neither admits nor denies the specific factual allegations contained in Section I.D of this CAFO;
  - c. consents to the assessment of a civil penalty under this Section, as stated below;
  - d. consents to the conditions specified in this CAFO, including performance of Supplemental Environmental Projects set forth in Section I.E of this CAFO;
  - e. waives any right to contest the allegations set forth in Section I.D of this CAFO; and
  - f. waives its rights to appeal the proposed Order contained in this CAFO.

Civil Penalty

26. Respondent agrees to:
- a. pay the civil penalty of SEVENTY-TWO THOUSAND DOLLARS (\$72,000) (“EPA Penalty”) within 30 calendar days of the Effective Date of this CAFO; and
  - b. pay the EPA Penalty using any method, or combination of methods, provided on the website <http://www2.epa.gov/financial/additional-instructions-making-payments-epa>, and identifying each and every payment with “Docket No. CAA-09-2017-0002.” Within 24 hours of payment of the EPA Penalty, send proof of payment to Nathan Dancher at:

Mail Code (ENF-2-1)

Enforcement Division  
U.S. Environmental Protection Agency, Region IX  
75 Hawthorne Street  
San Francisco, CA 94105

and at dancher.nathan@epa.gov (“proof of payment” means, as applicable, a copy of the check, confirmation of credit card or debit card payment, confirmation of wire or automated clearinghouse transfer, and any other information required to demonstrate that payment has been made according to the EPA requirements, in the amount due, and identified with “Docket No. CAA-09-2017-0002”).

27. If Respondent fails to pay the civil administrative penalty specified in Paragraph 34(a) of this CAFO within 30 calendar days after the effective date of this CAFO, then Respondent shall pay to EPA a stipulated penalty in the amount of ONE THOUSAND DOLLARS (\$1,000.00) for each day the default continues, upon written demand by EPA.
28. If Respondent fails to timely pay any portion of the penalty assessed under this CAFO, EPA may:
  - a. request the Attorney General to bring a civil action in an appropriate district court to recover: the amount assessed; interest at rates established pursuant to 26 U.S.C. § 6621(a)(2); the United States’ enforcement expenses; and a 10 percent quarterly nonpayment penalty, 42 U.S.C. § 7413(d)(5);
  - b. refer the debt to a credit reporting agency or a collection agency, 42 U.S.C. § 7413(d)(5), 40 C.F.R. §§ 13.13, 13.14, and 13.33;
  - c. collect the debt by administrative offset (i.e., the withholding of money payable by the United States to, or held by the United States for, a person to satisfy the debt the person owes the Government), which includes, but is not limited to,

referral to the Internal Revenue Service for offset against income tax refunds, 40 C.F.R. Part 13, Subparts C and H; and

d. suspend or revoke Respondent's licenses or other privileges, or (ii) suspend or disqualify Respondent from doing business with EPA or engaging in programs EPA sponsors or funds, 40 C.F.R. § 13.17.

29. The provisions of this CAFO shall apply to and be binding upon Respondent and its officers, directors, employees, agents, trustees, servants, authorized representatives, successors, and assigns. Respondent must give written notice and a copy of this CAFO to any successors in interest prior to any transfer of ownership or control of any portion of or interest in Respondent. Simultaneously with such notice, Respondent shall provide written notice of such transfer, assignment, or delegation to EPA. In the event of any such transfer, assignment, or delegation, Respondent shall not be released from the obligations or liabilities of this CAFO unless EPA has provided written approval of the release of said obligations or liabilities.
30. By signing this CAFO, Respondent acknowledges that this CAFO will be available to the public and agrees that this CAFO does not contain any confidential business information or personally identifiable information.
31. By signing this CAFO, the undersigned representative of Complainant and the undersigned representative of Respondent each certify that he or she is fully authorized to execute and enter into the terms and conditions of this CAFO and has the legal capacity to bind the party he or she represents to this CAFO.
32. By signing this CAFO, Respondent certifies that the information it has supplied concerning this matter was at the time of submission true, accurate, and complete for



each such submission, response, and statement. Respondent acknowledges that there are significant penalties for submitting false or misleading information, including the possibility of fines and imprisonment for knowing submission of such information, under 18 U.S.C. § 1001.

33. Each party shall bear its own attorney's fees, costs, and disbursements incurred in this proceeding.

F. EFFECT OF CONSENT AGREEMENT AND ATTACHED FINAL ORDER

34. In accordance with 40 C.F.R. § 22.18(c), completion of the terms of this CAFO resolves only Respondent's liability for federal civil penalties for the violations and facts specifically alleged above.
35. Penalties paid pursuant to this CAFO shall not be deductible for purposes of federal taxes.
36. This CAFO constitutes the entire agreement and understanding of the parties and supersedes any prior agreements or understandings, whether written or oral, among the parties with respect to the subject matter hereof.
37. Any violation of this Order may result in a civil judicial action for an injunction or civil penalties of up to \$37,500 per day per violation, or both, as provided in section 113(b)(2) of the Act, 42 U.S.C. § 7413(b)(2), as well as criminal sanctions as provided in section 113(c) of the Act, 42 U.S.C. § 7413(c). EPA may use any information submitted under this Order in an administrative, civil judicial, or criminal action.
38. Nothing in this CAFO shall relieve Respondent of the duty to comply with all applicable provisions of the Act and other federal, state, or local laws or statutes, nor shall it restrict EPA's authority to seek compliance with any applicable laws or regulations, nor shall it

be construed to be a ruling on, or determination of, any issue related to any federal, state, or local permit.

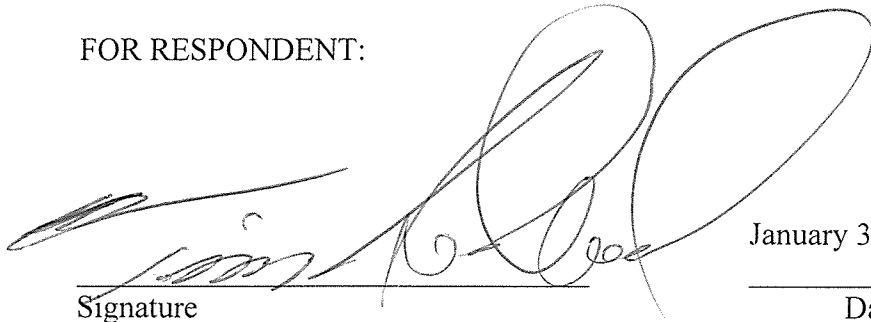
39. Nothing herein shall be construed to limit the power of EPA to undertake any action against Respondent or any person in response to conditions that may present an imminent and substantial endangerment to the public health, welfare, or the environment.
40. EPA reserves the right to revoke this CAFO and settlement penalty if and to the extent that EPA finds, after signing this CAFO, that any information provided by Respondent was materially false or inaccurate at the time such information was provided to EPA, and EPA reserves the right to assess and collect any and all civil penalties for any violation described herein. EPA shall give Respondent notice of its intent to revoke, which shall not be effective until received by Respondent in writing.

#### G. EFFECTIVE DATE

41. Respondent and Complainant agree to issuance of the attached Final Order. Upon filing, EPA will transmit a copy of the filed CAFO to the Respondent. This CAFO shall become effective after execution of the Final Order by the Regional Judicial Officer on the date of filing with the Regional Hearing Clerk.

The foregoing Consent Agreement In the Matter of Knight Transportation, Inc., Docket No. CAA-09-2017-0002, is hereby stipulated, agreed, and approved for entry.

FOR RESPONDENT:



January 31, 2017

Signature

Date

Printed Name: Tim Swickard

Title: Legal Counsel

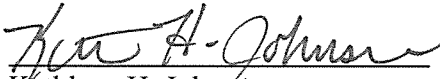
Address: 2020 West El Camino, Sacramento CA 95833

Respondent's Federal Tax Identification Number: \_\_\_\_\_

The foregoing Consent Agreement In the Matter of Knight Transportation, Inc., Docket No. CAA-09-2017-0002, is hereby stipulated, agreed, and approved for entry.

FOR COMPLAINANT:

3-1-17  
DATE

  
Kathleen H. Johnson  
Director  
Enforcement Division  
United States Environmental  
Protection Agency, Region IX  
75 Hawthorne Street  
San Francisco, CA 94105

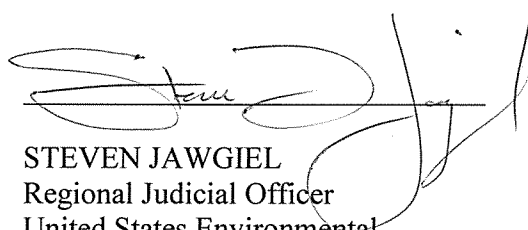
II. FINAL ORDER

EPA Region IX and Knight Transportation, Inc., having entered into the foregoing Consent Agreement,

IT IS HEREBY ORDERED that this CAFO (Docket No. CAA-09-2017-0002) be entered, and Respondent shall pay a civil administrative penalty in the amount of SEVENTY-TWO THOUSAND DOLLARS (\$72,000) and otherwise comply with the terms set forth in the CAFO.

03/13/17

DATE

  
STEVEN JAWGIEL  
Regional Judicial Officer  
United States Environmental  
Protection Agency, Region IX

CERTIFICATE OF SERVICE

I certify that the original of the fully executed Consent Agreement and Final Order in the matter of Knight Transportation, Inc. (**Docket #:** CAA-09-2017-0002) was filed with the Regional Hearing Clerk, U.S. EPA, Region IX, 75 Hawthorne Street, San Francisco, CA 94105, and that a true and correct copy of the same was sent to the following parties:

A copy was mailed via CERTIFIED MAIL to:

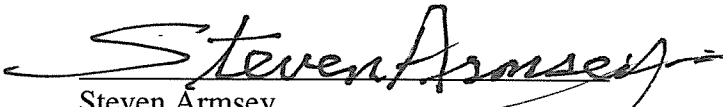
David A. Jackson  
President & CEO  
Knight Transportation, Inc.  
20002 N. 19<sup>th</sup> Avenue 85027  
Phoenix, Arizona 85027

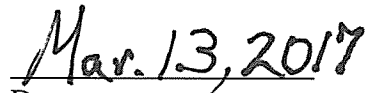
By U.S. Postal Service to:

Timothy J. Swickard  
Senior VP and Deputy General Counsel  
Lewis Brisbois Bisgard & Smith LLP  
2020 West El Camino Avenue, Suite 700  
Sacramento, CA 95833

An additional copy was hand-delivered to the following U.S. EPA case attorney:

Daniel Reich  
Assistant Regional Counsel (ORC-2)  
U.S. EPA, Region IX  
75 Hawthorne Street  
San Francisco, CA 94105

  
Steven Armsey  
Regional Hearing Clerk ~~Signature~~

  
Date