



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 10  
1200 Sixth Avenue, Suite 900  
Seattle, Washington 98101-3140

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HEARINGS CLERK  
EPA--REGION 10

## EXPEDITED SETTLEMENT AGREEMENT

**DOCKET NO:** CAA-10-2017-0131  
**This ESA is issued to:** CHS Inc.  
111 North 9th  
Walla Walla, WA 99362

This Expedited Settlement Agreement (ESA) is being entered into by the Complainant, U.S. Environmental Protection Agency Region 10 (EPA), and by Respondent pursuant to Section 113(a)(3) and (d) of the Clean Air Act, 42 U.S.C. § 7413(a)(3) and (d), and by 40 C.F.R. § 22.13(b). On December 9, 2016, EPA obtained the concurrence of the U.S. Department of Justice, pursuant to Section 113(d)(1) of the Act, 42 U.S.C. § 7413(d)(1), to pursue this administrative enforcement action.

### ALLEGED VIOLATIONS

EPA found that Respondent had violated regulations implementing Section 112(r) of the Act at 40 C.F.R. Part 68 by failing to comply with the regulations as noted on the enclosed Risk Management Plan Inspection Findings and Alleged Violations Summary, which is hereby incorporated by reference.

### SETTLEMENT

In consideration of Respondent's size of business, its full compliance history, its good-faith effort to comply, and other factors as justice may require, and upon consideration of the entire record, the parties enter into the ESA in order to settle the violations described in the enclosed Summary for the total penalty amount of **\$8,500**.

This settlement is subject to the following terms and conditions:

Respondent, by signing below, waives any objections that it may have regarding jurisdiction, neither admits nor denies the specific factual allegations contained herein and in the Summary, and consents to the assessment of the penalty as stated above.

Respondent waives its rights to a hearing afforded by Section 113(d)(2)(A) of the Act, 42 U.S.C. § 7413(d)(2)(A), and to appeal this ESA. Each party to this action shall bear its own costs and fees, if any.

Respondent also certifies, subject to civil and criminal penalties for making a false submission to the United States Government, that Respondent has corrected the violations listed in the enclosed Summaries and has sent a cashier's check or certified check (payable to the "Treasurer, United States of America") in the amount of \$8,500 in payment of the full penalty amount to the following address:

U.S. Environmental Protection Agency  
Fines and Penalties  
Cincinnati Finance Center  
P.O. Box 979077  
St. Louis, MO 63197-9000

The docket number of the ESA must be included on the check. (The docket number is located at the top of this ESA.)

This original ESA and a copy of the check must be sent by certified mail to:

Javier Morales, 112(r) Enforcement Coordinator  
Office of Compliance and Enforcement  
U.S. Environmental Protection Agency  
1200 Sixth Avenue, Suite 900, Mail Stop: OCE-101  
Seattle, Washington 98101

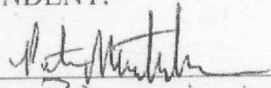
Upon Respondent's submission of the signed original ESA, EPA will take no further civil action against Respondent for the alleged violations of the Act referenced in the Summary. EPA does not waive its right to any other enforcement action for any other violations of the Clean Air Act or any other statute.

If the signed original ESA with an attached copy of the check is not returned to the EPA at the above address by Respondent within 45 days of the date of Respondent's receipt of it (90 days if an extension is granted), the proposed ESA is withdrawn, without prejudice to EPA's ability to file an enforcement action for the violations identified herein and in the Summary.

This ESA is binding on the parties signing below.

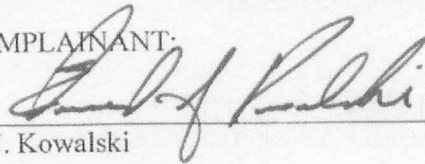
This ESA is effective upon filing with the Regional Hearing Clerk.

FOR RESPONDENT:

Signature:   
Name (print): Peter Mutschler  
Title (print): Environment and Safety Director  
Cost to correct violation(s): \$5,525

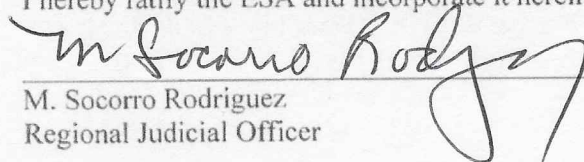
Date: 7/31/2017

FOR COMPLAINANT:

  
Edward J. Kowalski  
Director  
Office of Compliance and Enforcement

Date: 8/2/2017

I hereby ratify the ESA and incorporate it herein by reference. It is so ORDERED.

  
M. Socorro Rodriguez  
Regional Judicial Officer

Date: 8/2/17



# U.S. ENVIRONMENTAL PROTECTION AGENCY

## Risk Management Program Inspection Findings and Alleged Violations Summary Region 10

**REASON FOR INSPECTION:** This inspection is for the purpose of determining compliance with Section 112(r)(7) accidental release prevention requirements of the Clean Air Act, as amended 1990. The scope of this inspection may include, but is not limited to: reviewing and obtaining copies of documents and records; interviews and taking of statements; reviewing of chemical storage, handling, processing, and use; taking samples and photographs; and any other inspection activities necessary to determine compliance with the Act.

FACILITY NAME CHS Inc. - Wall Walla	<input checked="" type="checkbox"/> PRIVATE # EMPLOYEES <u>35</u>	<input type="checkbox"/> GOVERNMENTAL/MUNICIPAL POPULATION SERVED: _____
FACILITY LOCATION 111 North 9 <sup>th</sup> , Walla Walla, WA 99362	INSPECTION START DATE AND TIME: August 3, 2016, 8:30 am	
MAILING ADDRESS 5500 Cenex Drive, MS 305, Inner Grove Heights, MN 55077	INSPECTION END DATE AND TIME: August 3, 2016, 5:00 pm	
RESPONSIBLE OFFICIAL, TITLE, PHONE NUMBER Pete Mutschler, EHS Manager, (800) 210-9324	EPA FACILITY ID# 1000 0005 8616	
FACILITY REPRESENTATIVE(S), TITLE(S), PHONE NUMBER(S) Salvador Esquivel, Maintenance Manager, (509) 525-6690	INSPECTOR NAME(S), TITLE(S), PHONE NUMBER(S) Javier Morales, RMP Coordinator, 206-553-1255 Terry Garcia, SEE Grantee RMP Inspector, 206-553-1761 Peter Phillips, SEE Grantee RMP Inspector, 206-553-1757 Bob Hales, SEE Grantee RMP Inspector, 206-553-4090	
	INSPECTOR SIGNATURE <i>Javier Morales for Terry Garcia</i>	DATE 7/12/17

### INSPECTION FINDINGS

IS FACILITY SUBJECT TO RMP REGULATION (40 CFR 68)?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
DID FACILITY SUBMIT AN RMP AS PROVIDED IN 68.150 TO 68.185?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
DATE RMP FILED WITH EPA: <u>06/21/1999</u>	DATE OF LATEST RMP UPDATE: <u>08/06/2014</u>	
1) PROCESS/NAICS CODE: <u>325311</u> REGULATED SUBSTANCE: <u>Ammonia (conc. 20% or greater)</u>	PROGRAM LEVEL: 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input checked="" type="checkbox"/>	MAX. QUANTITY IN PROCESS: <u>913,200</u> (lbs)
2) PROCESS/NAICS CODE: <u>325311</u> REGULATED SUBSTANCE: <u>Anhydrous Ammonia</u>	PROGRAM LEVEL: 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input checked="" type="checkbox"/>	MAX. QUANTITY IN PROCESS: <u>623,343</u> (lbs)

### DESCRIPTION OF ALLEGED VIOLATIONS

CAA Section 112(r) and its implementing regulations in 40 C.F.R. Part 68 require an owner or operator of a stationary source that has more than a threshold quantity of a regulated substance (listed in § 68.130) in a process, to develop a Risk Management Plan (RMP) and Risk Management Program.

Four EPA representatives inspected the CHS Inc. facility on August 3, 2016. Based upon this inspection the CHS Inc., Walla Walla, WA facility is in violation of the following risk management program elements: Specifically, at the time of inspection, the CHS Inc., Walla Walla, WA facility:

- Process Safety Information:** CHS Inc. failed to provide information pertaining to the process chemistry of the process as required by 40 C.F.R. § 68.65(c)(1)(ii). During the inspection, CHS Inc. was unable to provide documentation on the process chemistry for the anhydrous ammonia and aqua ammonia storage (concentration 20%) storage processes. On September 16, 2016, CHS Inc. provided the following documents to address process chemistry: CHS Inc. Country Operations Division - NH3 Storage Section Title: 4.0 Process Safety Information, Issue Date: August 2016, REV 0; CHS Inc. Country Operations Division - Aqua Ammonia Converting, Section Title: 4.0 Process Safety Information, Issue Date: 15 August 2016, REV 0.
- Process Safety Information:** CHS Inc. failed to provide information pertaining to the safe upper and lower limits for such items as temperatures, pressures, flows or composition of the process as required by 40 C.F.R. § 68.65(c)(1)(iv). During the inspection, CHS Inc. was unable to provide documentation on the safe upper and lower limits for the anhydrous ammonia and aqua ammonia storage (concentration 20%) storage processes. On September 16, 2016, CHS Inc. provided the following documents to address safe upper and lower limits: CHS Inc. Country Operations Division - NH3 Storage Section Title: 4.0 Process Safety Information, Issue Date: August 2016, REV 0; CHS Inc. Country Operations Division - Aqua Ammonia Converting, Section Title: 4.0 Process Safety Information, Issue Date: 15 August 2016, REV 0.

### DESCRIPTION OF ALLEGED VIOLATIONS (Cont'd)

3. **Process Safety Information:** CHS Inc. failed to provide information pertaining to evaluation of the consequences of deviation of the process as required by 40 C.F.R. § 68.65(c)(1)(v). During the inspection, CHS Inc. was unable to provide documentation on the evaluation of the consequences of deviation for the anhydrous ammonia and aqua ammonia (concentration 20%) storage processes. On September 16, 2016, CHS Inc. provided the following documents to address evaluation of the consequences of deviation: CHS Inc. Country Operations Division - NH3 Storage Section Title: 4.0 Process Safety Information, Issue Date: August 2016, REV 0; CHS Inc. Country Operations Division – Aqua Ammonia Converting, Section Title: 4.0 Process Safety Information, Issue Date: 15 August 2016, REV 0.
4. **Process Safety Information:** CHS Inc. provided inadequate information pertaining to the relief system design and design basis for the anhydrous ammonia storage process as required by 40 C.F.R. § 68.65(d)(1)(iv). During the inspection, CHS Inc.'s the relief system design and design basis for the 18,000 gallon ammonia storage pressure vessel, CHS Inc. Country Operations Division - NH3 Storage Section Title: 4.0 Process Safety Information – Storage Tank Data, Issue Date: 19 August 2015, REV 0, Page 3 of 10, identified a total of two pressure relief valves with a total vent capacity of 10,726 CFM. The relief system design on the 18,000 gallon storage pressure vessel consists of dual pressure relief valves (PRV) with a two-way manifold on top of the pressure vessel which only one PRV can be utilized for relief capacity. The pressure relief design does not provide adequate relief capacity when isolating a single PRV for replacement. Reference ANSI K.61.1-1999 and CGA G-2.1-2014, Section 5.8, Pressure Relief Devices. On November 22, 2016, CHS Inc. confirmed that a second dual pressure relief valves (PRV) with a two-way manifold was installed on top of the 18,000 gallon storage pressure vessel to provide adequate relief capacity.
7. **Operating Procedures:** CHS Inc., aqua ammonia emergency shutdown procedure failed to assign responsibility to a qualified operator to ensure that emergency shutdown is executed in a safe and timely manner as required by 40 C.F.R. § 68.69(a)(1)(iv). CHS Inc., aqua ammonia emergency shutdown procedure for the converter did not identify a qualified operator responsible for the emergency shutdown.
8. **Operating Procedures:** CHS Inc., aqua ammonia operating procedures operating limits failed to address the consequences of deviation and steps required to correct or avoid deviation as required by 40 C.F.R. § 68.69(a)(2). CHS Inc., aqua ammonia operating procedures operating limits did not address the consequences of deviation and steps required to correct or avoid deviation for the operation of the aqua ammonia converter and loading/unloading of the aqua ammonia storage tanks. On September 16, 2016, CHS Inc. provided the CHS Inc. Country Operations Division – Aqua Ammonia Converting, Section Title: 4.0 Process Safety Information, Issue Date: 15 August 2016, REV 0 to address consequences of deviation and steps required to correct or avoid deviation.
9. **Operating Procedures:** CHS Inc., aqua ammonia operating procedures failed to address safety systems and their function as required by 40 C.F.R. § 68.69(a)(4). CHS Inc., aqua ammonia operating procedures did not address safety systems and their function such as the air activated shutdown valve for the ammonia supply pipe (orange) to the converter.
10. **Compliance Audits:** CHS Inc. failed to promptly determine and document an appropriate response to each of the findings of the audit and document that the deficiencies have been corrected as required by 40 C.F.R. § 68.79(d). CHS Inc. did not track three findings for process safety information in providing due dates and assigning a responsible person to complete the task for the Compliance Audit Report dated August 6, 2014.
11. **Risk Management Plan:** CHS Inc. failed to submit a correction of the emergency contact information within one month of any change in the emergency contact information as required by 40 C.F.R. § 68.195(b). The August 6, 2014 RMP submitted by CHS Inc. identified Scott Potter as the emergency contact. During the RMP inspection, CHS Inc. stated that Roxanne Forkan was the new emergency contact and Scott Potter left the company in September 2015. On August 1, 2016, CHS Inc. corrected the emergency contact to Roxanne Forkan. On March 7, 2017, CHS Inc. corrected the emergency contact to Stacy Beckman.

**DESCRIPTION OF ALLEGED VIOLATIONS (Cont'd)**

During the inspection, EPA inspectors identified the following areas of concern:

1. Operating Procedures: CHS Inc., did not ensure that operating procedures were readily available to employees who work in or maintain a process as required by 40 C.F.R. 68.69(b). The operator (driver) have no access to unloading procedures of the anhydrous ammonia from the 18,000 gallon storage pressure vessel to delivery trucks.
2. Operating Procedures: CHS Inc., did not certify annually that the operating procedures are current and accurate as required by 40 C.F.R. § 68.69(c). CHS Inc., provided signed annual certification documents dated 8/15/2014 and 8/2/2016 for the Ammonia Operating Procedures, Section 6.0, Rev 0, dated 6/13/2016. CHS Inc., was unable to provide a 2015 annual certification document to demonstrate that their operating procedures are certified consistently.
3. Operating Procedures: CHS Inc., did not develop and implement written procedures that provide instructions or steps for conducting activities associated with the aqua ammonia (concentration 20%) storage process consistent with the safety information as required by 40 C.F.R. § 68.69(a). CHS Inc., aqua ammonia operating procedures did not address normal operations, temporary operations, emergency operations, and startup following a turnaround or after emergency shutdown.

DID FACILITY CORRECTLY ASSIGN PROGRAM LEVELS TO PROCESSES?

YES     NO

ATTACHED CHECKLIST(S):

PROGRAM LEVEL 1 PROCESS CHECKLIST     PROGRAM LEVEL 2 PROCESS CHECKLIST     PROGRAM LEVEL 3 PROCESS CHECKLIST

OTHER ATTACHMENTS: \_\_\_\_\_

**Certificate of Service**

The undersigned certifies that the original of the attached **EXPEDITED SETTLEMENT AGREEMENT AND FINAL ORDER, In the Matter of: CHS Inc., Docket No.: CAA-10-2017-0131**, was filed with the Regional Hearing Clerk and served on the addressees in the following manner on the date specified below:

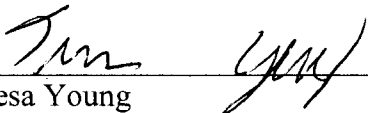
The undersigned certifies that a true and correct copy of the document was delivered to:

Javier Morales, RMP Coordinator  
U.S. Environmental Protection Agency  
1200 Sixth Avenue, Suite 900, OCE-101  
Seattle, Washington 98101

Further, the undersigned certifies that a true and correct copy of the aforementioned document was placed in the United States mail certified/return receipt to:

Mr. Peter Mutschler  
Environment and Safety Director  
CHS Inc.  
5500 Cenex Drive, MS 305  
Inver Grove Heights, Minnesota 55077-1733

DATED this 3 day of August, 2017

  
\_\_\_\_\_  
Teresa Young  
Regional Hearing Clerk  
EPA Region 10