



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

SEP 30 2014

REPLY TO THE ATTENTION OF:

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Joe Alter
Vice President, General Counsel and Chief Compliance Officer
AK Steel Corporation
913 Bowman Street
Mansfield, Ohio 44901-0247

Dear Mr. Alter:

Enclosed is a file-stamped Consent Agreement and Final Order (CAFO) which resolves the AK Steel Corporation case and docket number CAA-05-2014-0060. As indicated by the filing stamp on its first page, we filed the CAFO with the Regional Hearing Clerk on SEP 30 2014.

Pursuant to paragraph 32 of the CAFO, AK Steel Corporation must pay the civil penalty within 30 days of SEP 30 2014. Your check must display the case name, AK Steel Corporation, and the docket number CAA-05-2014-0060.

Please direct any questions regarding this case to Terence Branigan, Associate Regional Counsel, at (312) 353-4737.

Sincerely,

A handwritten signature in cursive script that reads "Brian Dickens".

Brian Dickens, Chief
Air Enforcement and Compliance Assurance Branch, MN/OH Section

Enclosure

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5

In the Matter of:

AK Steel Corporation
Mansfield, Ohio

Respondent.



Docket No. CAA-05-2014-0060

Proceeding to Assess a Civil Penalty
Under Section 113(d) of the Clean Air Act,
42 U.S.C. § 7413(d)

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 (EPA), Region 5.
3. Respondent is AK Steel Corporation, a corporation doing business in Ohio.
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 and its right to appeal this CAFO.

Statutory and Regulatory Background

9. Under Section 111 of the Act, 42 U.S.C. § 7411, the Administrator promulgated the New Source Performance Standards ("NSPS") General Provisions, at 40 C.F.R. Part 60, Subpart A, and the Standards of Performance for Steel Plants: Electric Arc Furnaces and Argon-Oxygen Decarburization Vessels Constructed After August 17, 1983 at 40 C.F.R. § 60.270a *et seq.* Subpart AAa applies to each electric arc furnace ("EAF") constructed, modified or reconstructed after August 17, 1983. 40 C.F.R. § 60.270a.

10. 40 C.F.R. § 60.272a(a)(2) provides that no owner or operator subject to the provisions of this subpart shall cause to be discharged into the atmosphere from an EAF any gases which exit from a control device and exhibit 3 percent opacity or greater.

11. 40 C.F.R. § 60.272a(a)(3) provides that no owner or operator subject to the provisions of this subpart shall cause to be discharged into the atmosphere any gases from a melt shop and, due solely to operations of any EAF, exhibit 6 percent opacity or greater.

12. Section 502(a) of the Act, 42 U.S.C. § 7661a(a), provides that it shall be unlawful for any person to violate any requirement of a Title V permit after the effective date of any Title V permit program approved by EPA.

13. The State of Ohio Part 70 operating permit program was granted full approval by EPA on August 15, 1995, with an effective date of October 1, 1995 (60 Fed. Reg. 42045; 40

C.F.R. Pt. 70, App. A).

14. The regulation at 40 C.F.R. § 70.6(b)(1) specifies that all terms and conditions in a permit issued under a Part 70 program, including any provisions designed to limit a source's potential to emit, are enforceable by EPA under the Act.

15. The Ohio Environmental Protection Agency ("Ohio EPA") issued a Title V permit under the State of Ohio's federally approved Part 70 operating permit program to AK Steel for the facility, ID number 0370010023, on July 31, 2003 ("2003 Permit") and reissued the permit under the same facility ID number, on February 17, 2011 ("2011 Permit").

16. Pursuant to AK Steel's 2003 Permit Part III, Terms and Conditions for Emissions Units, #8 EAF (P902) and # 9 EAF (P903), Section A.I.2.d.ii, visible particulate emissions from the baghouse serving the melt shop shall not exhibit 3 percent opacity or greater, as a six-minute average.

17. Pursuant to AK Steel's 2003 Permit Part III, Terms and Conditions for Emissions Units, #8 EAF (P902) and # 9 EAF (P903), Section A.I.2.d.iii, the permittee shall not cause to be discharged into the atmosphere gases from the EAF which exit from the shop and, due solely to the operations of any affected EAF or Argon-Oxygen Decarburization vessel(s), exhibit 6 percent opacity or greater, as a six-minute average.

18. Pursuant to AK Steel's 2003 Permit Part III, Terms and Conditions for Emissions Units, Thin Slab Continuous Caster (P062), Section A.I.2.a (Additional Terms and Conditions), the permittee shall employ a baghouse to control all of the particulate emissions (PE) from the Thin Slab Continuous Caster.

19. Pursuant to AK Steel's 2003 Permit Part III, Terms and Conditions for Emissions Units, #8 EAF (P902) and # 9 EAF (P903), Section A.II.1.b, AK Steel shall maintain the control

system's fan motor amperes range, when the EAF is operating in the meltdown and refining periods, at plus or minus fifteen percent of the fan motor amps value established during the most recent emission testing that demonstrated the emissions unit was in compliance.

20. The Administrator of EPA (Administrator) may assess a civil penalty of up to \$32,500 per day of violation up to a total of \$270,000 for violations of NSPS and/or a Title V permit that occurred after March 15, 2004 through January 12, 2009 and may assess a civil penalty of up to \$37,500 per day of violation up to a total of \$295,000 for violations of NSPS and/or a Title V permit that occurred after January 12, 2009, through 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.

21. 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.

22. 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

23. AK Steel owns and operates a steel-producing facility located at 913 Bowman Street, in Mansfield, Ohio.

24. According to AK Steel's approved Title V permit, AK Steel operates, amongst others, the following emissions units at its Mansfield, Ohio facility: two electric arc furnaces (EAFs) identified as EAF #8 (P902) and EAF #9 (P903); a ladle metallurgical furnace (LMF)

identified as P904, six natural gas fired ladle preheaters identified as P067-P073, an argon-oxygen decarburization (AOD) vessel identified as P924, and a thin slab continuous caster identified as P062.

25. On March 4, 2010, EPA representatives inspected the AK Steel facility located in Mansfield, Ohio.

26. From 2008 to 2013, AK Steel submitted Title V permit quarterly deviation reports to the Northwest District Office of the Ohio Environmental Protection Agency.

27. According to the quarterly deviation reports submitted by AK Steel to the Northwest District Office of Ohio EPA, AK Steel exceeded the 3% opacity limit from the baghouse serving the melt shop at its facility on August 8, 2009 and May 2, 2010. This is a violation of NSPS AAa, at 40 C.F.R. § 60.272a(a)(2), and the 2003 Permit Part III, Terms and Conditions for Emissions Unit #8 EAF (P902), Section A.I.2.d.ii.

28. According to the quarterly deviation reports submitted by AK Steel to the Northwest District Office of Ohio EPA, AK Steel exceeded the 6% opacity limit from the building enclosure at its facility on April 28, 2008, May 2, 2008 and October 29, 2009. This is a violation of NSPS AAa, at 40 C.F.R. § 60.272a(a)(3), and the 2003 Permit Part III, Terms and Conditions for Emissions Units #8 EAF (P902) and # 9 EAF (P903), Section A.I.2.d.iii.

29. On July 26, 2010, AK Steel failed to operate the caster baghouse while the thin slab continuous caster at its facility was in operation and thereby failed to capture all of the particulate matter emissions from the caster. This is a violation of the 2003 Permit Part III, Terms and Conditions for Emissions Units, Thin Slab Continuous Caster (P062), Section A.I.2.a, which states that “[t]he permittee shall employ a baghouse to control all of the PE from this emissions unit.”

30. According to the quarterly deviation reports submitted by AK Steel to the Northwest District Office of Ohio EPA, AK Steel deviated from its fan motor amperes range at the #8 and #9 Baghouse ID fans serving the melt shop at the facility on the following days: January 17, 2009; January 18, 2009; February 14, 2009; February 21, 2009; November 19, 2009; November 29, 2009; December 11, 2009; January 5, 2010; and August 7, 2010. This is a violation of the 2003 Permit Part III, Terms and Conditions for Emissions Units #8 EAF (P902) and #9 EAF (P903), Section A.II.1.b.

Civil Penalty

31. 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 the cooperation of the Respondent, Complainant has determined that an appropriate civil penalty to settle this action is \$50,000.

32. Within 30 calendar days after the effective date of this CAFO, Respondent must pay a \$50,000 civil penalty by sending a cashier's or certified check that notes the Respondent's name and the docket number of this CAFO, 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

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

Reza Bagherian (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

Terence Branigan (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

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

35. If Respondent does not pay timely 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.

36. 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 attorney 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).

Other Settlement Conditions

37. Within 90 calendar days after the effective date of this CAFO, Respondent must submit an application to the Ohio Environmental Protection Agency to amend the facility's Title

V permit to specify that daily opacity observations at the melt shop shall include at least three 6-minute periods by amending Section 8.d.3.a to read as follows: "a. Shop opacity observations shall be conducted at least once per day for at least three six-minute periods when the furnace is operating in the meltdown and refining period."

38. Within 120 calendar days after the effective date of this CAFO, Respondent must submit a certified report to EPA providing a status update, including a statement whether Respondent has submitted the application to the Ohio Environmental Protection Agency, on the Title V permit amendment required in Paragraph 37 above.

39. The report required by Paragraph 38 above must be certified by a responsible corporate official by signing the following statement and including it in the report:

I certify that I am familiar with the information in this report 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 am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations.

The full title of the individual signing the statement must accompany the signature.

40. Respondent must send the report required by Paragraph 38 above to:

Attention: Compliance Tracker (AE-17J)
Air Enforcement and Compliance Assurance Branch
U.S. EPA, Region 5
77 West Jackson Boulevard
Chicago, Illinois 60604

41. By signing this Agreement, both parties agree that each party's obligations under this CAFO constitute sufficient consideration for the other party's obligations. Additionally, both parties agree that Complainant's covenant not to sue Respondent (stated in Paragraph 43) during the time period between the issuance of the attached Final Order and the deadlines (stated in Paragraphs 37 through 40) for Respondent to complete the non-penalty conditions of this Consent Agreement constitutes sufficient consideration for Respondent's obligation to

completely perform the non-penalty conditions of this Consent Agreement as stated in Paragraphs 37 through 40, regardless of whether the covenant not to sue subsequently terminates.

General Provisions

42. This CAFO resolves only Respondent's liability for federal civil penalties for the violations alleged in this CAFO, and the violations alleged in the Notice and Finding of Violations dated March 26, 2013 (NOV/FOV).

43. Complainant covenants not to sue Respondent for injunctive or other equitable relief for the violations alleged in this matter, but such covenant terminates if Respondent fails to timely and satisfactorily complete every condition stated in Paragraphs 37 through 40 above. The covenant not to sue becomes permanent upon satisfactory performance of the conditions stated in Paragraphs 37 through 40. If this covenant terminates, Complainant may compel Respondent to perform the conditions in Paragraphs 37 through 40, seek civil penalties that accrue from the Effective Date of this CAFO until compliance is achieved, and seek other relief in a civil judicial action pursuant to the Clean Air Act, pursuant to contract law, or both.

44. This 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, except as specifically provided in paragraph 43 above, or Respondent's right to assert any defense thereto, except as specifically provided in this CAFO. Nothing in this CAFO shall restrict EPA's authority to seek compliance with any applicable laws or regulations. Nothing in this CAFO shall be construed to limit the authority 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, or Respondent's right to assert any defense thereto, except as specifically provided in this CAFO.

45. 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 Paragraphs 42 and 43 above, compliance with this CAFO will not be a defense to any actions subsequently commenced pursuant to federal laws administered by EPA.

46. Respondent certifies, upon information and belief after reasonable inquiry, that it is complying fully with the NSPS, Title V and Permit to Install (PTI) requirements that are identified in Paragraphs 27 through 30 of this CAFO and in Paragraph 21 of the NOV/FOV.

47. 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).

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

49. 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.

50. Each party agrees to bear its own costs and attorney's fees in this action.

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

AK Steel Corporation, Respondent

9/23/14

Date

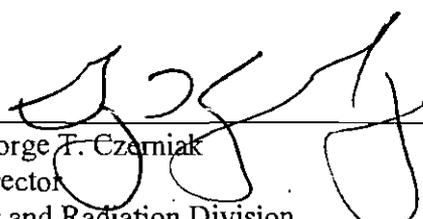


Joe Alter
Vice President, General Counsel and Chief
Compliance Officer
AK Steel Corporation

United States Environmental Protection Agency, Complainant

9/24/14

Date



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

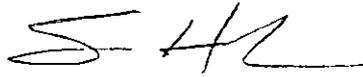
Consent Agreement and Final Order
In the Matter of: AK Steel Corporation
Docket No. CAA-05-2014-0060

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.

9-30-2014

Date



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

Consent Agreement and Final Order
In the Matter of: AK Steel Corporation
Docket No. CAA-05-2014-0060

Certificate of Service

I certify that I filed two originals of the Consent Agreement and Final Order (CAFO), docket number CAA-05-2014-0060 with the Regional Hearing Clerk (E-19J), United States Environmental Protection Agency, Region 5, 77 W. Jackson Boulevard, Chicago, Illinois 60604, and that I mailed one original to the Respondent by first-class, postage prepaid, certified mail, return receipt requested, addressed as follows:

Joe Alter
Vice President, General Counsel and Chief Compliance Officer
AK Steel Corporation
913 Bowman Street
Mansfield, Ohio 44901-0247

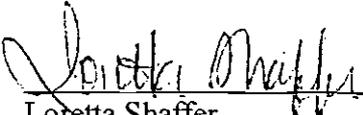
I certify that I sent a copy of the CAFO by intra-office mail to:

Ann Coyle
Regional Judicial Officer (C-14J)
U.S. Environmental Protection Agency
77 W. Jackson Boulevard
Chicago, Illinois 60604

I also certify that I mailed a copy of the CAFO by first-class mail to:

Robert Hodanbosi, Chief
Division of Air Pollution Control
Ohio Environmental Agency
Lazarus Government Center
P.O. Box 1049
Columbus, Ohio 43216-1049

On the 1 day of Oct 2014.



Loretta Shaffer
Program Technician
AECAB, PAS

CERTIFIED MAIL RECEIPT NUMBER(S):

7009 1680 0000 7672 9093