

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 5**

**IN THE MATTER OF:** )  
 )  
Ispat Inland, Inc. )  
 )  
 ) **EPA-5-03-113(a) IN-03**  
 )  
 ) **Administrative Order on**  
 ) **Consent**  
 )

**Administrative Consent Order**

1. The Director of the Air and Radiation Division, United States Environmental Protection Agency (U.S. EPA), Region 5, is issuing this Order to Ispat Inland, Inc. (Ispat) under Section 113(a)(1)(A) of the Clean Air Act (Act), 42 U.S.C. §7413(a)(1)(A).

**Statutory and Regulatory Background**

2. Each state must submit to the Administrator of U.S. EPA a plan for attaining and maintaining the National Ambient Air Quality Standards under Section 110 of the Act, 42 U.S.C. § 7410.

3. On March 3, 2003, effective April 2, 2003, U.S. EPA approved the rules for new or modified stationary sources or major modifications constructed in attainment areas, as part of the federally enforceable state implementation plan (SIP) for Indiana. 68 Fed. Reg. 9892 (March 3, 2003). These federally-approved rules include 326 IAC 2-2, Prevention of Significant Deterioration (PSD) rules.

4. 326 IAC 2-2-1(y)(1) states that a "major stationary source" is one of 28 listed stationary sources of air pollutants that emits, or has the potential to emit, 100 tons per year or more of any air pollutant subject to regulation under the Act.

5. 326 IAC 2-2-1(x) states that a "major modification" means any physical change or change in the method of operation of a major stationary source that would result in a significant net emissions increase.

6. 326 IAC 2-2-2(b) states that the owner or operator of a major stationary source or major modification shall not "begin actual construction" unless a PSD permit has been issued.

7. 326 IAC 2-2-1(g) states that "begin actual construction" means initiation of physical on-site construction activities on an emission unit which are of a permanent nature. Such activities include, but are not limited to, installation of building supports and foundations, laying underground pipework, and construction of permanent storage structures. Id.

8. Under Section 113(a)(1)(A) of the Act, 42 U.S.C. §7413(a)(1)(A), the Administrator of U.S. EPA may issue an order requiring compliance to any person who has violated or is violating a SIP. The Administrator has delegated this authority to the Director of the Air and Radiation Division.

### **Findings**

9. Ispat owns and operates an integrated steel mill located at 3210 Watling Street, East Chicago, Lake County, Indiana (Facility).

10. The Facility is classified as a "major stationary source" as defined by 326 IAC 2-2-1(y). Specifically, the Facility is an "Iron and Steel Mill Plant" that emits or has the potential to emit one hundred tons per year or more of the pollutants regulated under the Act. 326 IAC 2-2-1(y)(1)(F). Therefore, Ispat is subject to the Indiana PSD requirements found at 326 IAC 2-2.

11. By correspondence dated March 18, 2003 (Letter), Ispat notified Indiana Department of Environmental Management (IDEM) of its intent to begin a reline of No. 7 Blast Furnace (Reline Project). In the Letter, Ispat explains that it is necessary to commence the Reline Project to prevent impending and imminent failure of No. 7 Blast Furnace.

12. Ispat desires to commence construction of the Reline Project as soon as possible, and has scheduled an outage to occur on or about July 18, 2003.

13. Ispat has informed the U.S. EPA that the Reline Project will avoid an imminent and impending failure of No. 7 Blast Furnace.

14. On March 26, 2003 Ispat submitted a PSD permit application to the IDEM for the proposed addition of a fourth stove at No. 7 Blast Furnace. Because the project, as proposed, would constitute a physical change of a major stationary source resulting in an increase in emissions of greater than

significance levels for a regulated pollutant, it is a "major modification" under 326 IAC 2-2-1(x).

15. As an addendum to its PSD permit application, Ispat requested approval to begin alteration of the No. 7 Blast Furnace Hot Blast Main and Waste Gas Main (Mains or Mains Project) prior to IDEM's issuance of a permit. Ispat now requests that the alteration begin on the effective date of this Order.

### **Terms and Conditions**

16. Ispat must achieve, demonstrate and maintain compliance with 326 IAC 2-2 at its Facility except as described in this Order.

17. Ispat agrees to amend its current PSD application pending before IDEM, to include the Reline Project, within 120 days of entry of this Order. Ispat also agrees to obtain the appropriate minor or major PSD permit, as defined in Paragraph 34, for the Reline Project and the proposed addition of a fourth stove at No. 7 Blast Furnace.

18. Prior to the issuance of a minor or major PSD permit, Ispat may alter the Hot Blast Main at No. 7 Blast Furnace, but only limited to the following:

- a. Prepare the site and install foundations for an extension to the existing Hot Blast Main ductwork;
- b. Install new steelwork to support the Hot Blast Main ductwork extension and related platforms; and
- c. Install the new Hot Blast Main ductwork extension, including tie-in to the existing ductwork.

19. Prior to the issuance of a minor or major PSD permit, Ispat may alter the Waste Gas Collecting Main at No. 7 Blast Furnace, but only limited to the following:

- a. Prepare the site and install foundations for an extension to the existing Waste Gas Collecting Main ductwork;
- b. Install new steelwork to support the Waste Gas Collecting Main ductwork extension and related platforms;
- c. Cut a portal in existing waste gas stack for new section of waste gas ductwork; and

d. Install the new waste gas ductwork and related work platforms.

20. Ispat agrees that no air pollutants will be emitted by the Mains Project and that no harm to the environment will occur if the Facility begins actual construction of the Mains Project prior to IDEM's issuance of the minor or major PSD permit.

21. Prior to the issuance of a minor or major PSD permit, Ispat may begin actual construction on the Reline Project for the No. 7 Blast Furnace.

22. With the exception of the work allowed under Paragraphs 18, 19 and 21 specified in this Order, Ispat shall not begin construction of the proposed addition of a fourth stove at No. 7 Blast Furnace until IDEM issues a minor or major PSD permit for the addition of the fourth stove.

23. Prior to the issuance of a minor or major PSD permit, Ispat shall limit the hot iron production of the No. 7 Blast Furnace to no more than 338,582 tons per calendar month, and 3.6 million tons per year, which represents the maximum monthly production achieved, and the average of the annual production of the furnace over a consecutive two-year period in the last five years, respectively. Except as limited in this Paragraph, Ispat shall operate No. 7 Blast Furnace in accordance with its current permit terms and conditions and SIP limits.

24. Ispat shall assume all risk and costs associated with the alterations of the Mains and the Reline Project, as described herein, despite IDEM's potential denial of Ispat's PSD Permit application for the Reline Project and the proposed addition of a fourth stove at No. 7 Blast Furnace.

25. Ispat shall notify the U.S. EPA about the progress on the alteration of the Mains and the Reline Project, upon request by U.S. EPA.

26. Ispat shall notify the U.S. EPA in writing within 30 days of completion of the Reline Project and the Mains Project. This written notification shall be sent to:

Kushal Som  
Environmental Engineer  
U.S. Environmental Protection Agency  
77 W. Jackson Boulevard (AE-17J)  
Chicago, Illinois 60604

27. Ispat shall continue to closely work with IDEM to obtain a minor or major PSD permit for the proposed addition of a fourth stove at No. 7 Blast Furnace, and for the Reline Project. This means that Ispat must continue to expeditiously respond to requests for further information from IDEM related to the proposed PSD project during the PSD permitting process.

28. In consideration of the foregoing, Ispat agrees to implement the environmentally beneficial projects listed below:

a. Shed Repair Project - at Ispat's Indiana Harbor Works, Ispat uses a rotating rail car dump to unload raw materials. This rotating rail car dump is located inside a partially enclosed shed. To minimize fugitive dust emissions from this shed, Ispat agrees to repair or replace missing, damaged or defective steel sheets on the shed, more effectively closing the building by reducing the number of holes or openings. Ispat shall complete this work no later than October 31, 2004.

b. Oily Shop Cleaning Material Project - Within 30 days of entry of this Order, Ispat will begin to implement a plant-wide program to recycle oily shop cleaning material, consisting primarily of rags, to minimize the release of volatile organic compounds into the air and the ground, by eliminating their disposal in a landfill as special waste. The oil from the cleaning material will be reclaimed and refined into a fuel. Ispat shall fully implement this project within one year of the effective date of this Order. If for any reason Ispat fails to implement this project as described in this Paragraph at any time within three years, Ispat shall notify U.S. EPA within five business days, and make a single additional payment to the Diesel Retrofit Project described below, or in the event that the Diesel Retrofit Project is no longer operating, some other fund as directed by U.S. EPA, in the amount of \$30,000 within thirty days thereafter; or, if for any reason after three years from the effective date of this Order, Ispat fails to continue to implement this project as described in this Paragraph, Ispat shall make a single additional payment to the Diesel Retrofit Project described below, in accordance with the following schedule:

If project ceases after 4 years - \$20,000;  
If project ceases after 5 years - \$15,000;  
If project ceases after 6 years - \$10,000;  
If project ceases after 7 years - \$5,000;  
If project ceases after 8 years - \$2,500;  
If project ceases after 9 years - \$1,000;  
No additional payment required if after 10 years.

Ispat shall provide notice and payment within the time described above for any payments made pursuant to this Paragraph 28(b), for any cessation of this project. Ispat shall not be required to make more than one payment, as described herein, in order to satisfy its obligations under this Subparagraph.

c. Diesel Retrofit Project - Ispat will pay IDEM the amount of \$150,000 in order to implement the program described below. The payment shall be made to the Environmental Management Special Fund, and sent to the following address:

Cashier  
Indiana Department of Environmental Management  
100 North Senate Avenue  
P.O. Box 7060  
Indianapolis, IN 46207-7060

The schedule for such payment shall be as follows:

- 1) No later than 30 days after the effective date of this Order, Ispat shall pay IDEM a first installment of \$50,000;
- 2) No later than six months after the effective date of this Order, Ispat shall pay IDEM a second installment of \$50,000; and
- 3) No later than one year after the effective date of this Order, Ispat shall pay IDEM a third and final installment of \$50,000.

The second and third installments shall also include interest at the rate set by 31 U.S.C. §3717(a)(1). Ispat's obligations under this Diesel Retrofit Project shall terminate upon payment of all amounts due under the three installments described above.

IDEM has agreed to utilize the above-described payments to implement the Diesel Retrofit Project as follows:

- 1) implement the project only with respect to fleets of vehicles that operate in non-attainment areas;
- 2) cover all related hardware and installation costs;

- 3) cover only fleets for which the affected municipality, school district or similar local governmental entity has committed to maintain any equipment installed in connection with this project during and after completion of this project, and to the extent feasible, to take steps to achieve additional emissions reduction benefits in connection with the project, such as implementing an idle program; and
- 4) implement the project only with respect to vehicles that are operated on average at least four days per week.

For vehicles that are operated on a seasonal basis, the four-day-per-week minimum threshold under the previous sentence shall apply during the season(s) in which the vehicles are operated.

Ispat certifies that it is not required to develop or perform these environmentally beneficial projects by any federal, state or local law or regulation; nor is Ispat required to develop or perform these environmentally beneficial projects by agreement, grant or as injunctive relief in any other action or forum.

Ispat shall submit to the U.S. EPA written reports regarding its performance of these environmentally beneficial projects as described in this Paragraph. Each report shall include a summary of Ispat's activities in performing the projects and a description of any problems encountered. Ispat shall submit to the U.S. EPA one report for each of the environmentally beneficial projects within 30 days of initiation of the projects and one report for each of the environmentally beneficial projects within 30 days of completion of the projects.

If Ispat does not complete the environmentally beneficial projects in accordance with this Order, Ispat may be subject to injunctive relief and civil penalties pursuant to Paragraph 36 of this Order.

#### **Effect of this Order**

29. Ispat's compliance with the terms and conditions of this Order resolves Ispat's liability under the federal Clean Air Act for beginning actual construction of the Reline Project and the Mains Project without first obtaining a minor or major PSD permit.

30. Compliance with this Order will not resolve Ispat's liability for any violations unrelated to the minor or major PSD requirement to obtain a permit prior to construction.

31. While this Order is in effect, Ispat shall not dispute, or otherwise challenge, this Order before the Environmental Appeals Board, in a court of law, or in any other legal venue.

32. Nothing in this Order shall be construed to limit the authority of the U.S. EPA to undertake any action against Ispat or any person in response to conditions that may present an imminent and substantial endangerment to the public health, welfare or the environment.

33. This Order is neither a permit, license, authorization, nor a modification of existing permits under any federal, state, or local law, and in no way relieves Ispat of its responsibilities to comply with all applicable federal, state and local laws, except as specifically provided in this Order.

#### **General Provisions**

34. For the purposes of this Order, "minor or major PSD permit" shall mean:

a. an Indiana major PSD permit; or

b. an Indiana permit or authorization that contains federally-enforceable terms and conditions for a project or projects that will not result in any emission increases of greater than New Source Review significance levels, as defined by 326 IAC 2-2-1(jj) and 326 IAC 2-3-1(ee).

35. Any modification of this Order shall be by agreement of the Parties and in writing and shall not take effect until the written agreement is signed by all of the Parties.

36. Failure to comply with this Order may subject Ispat injunctive and civil penalties of up to \$27,500 per day for each violation under Section 113 of the Act, 42 U.S.C. § 7413. The U.S. EPA may also file an action seeking criminal sanctions pursuant to Section 113(c) of the Act, 42 U.S.C. § 7413(c).

37. The terms of this Order are binding on Ispat, its assignees and successors. Ispat must give notice of this Order to any successors in interest, prior to transferring ownership, and must simultaneously verify to U.S. EPA, at the above address, that Ispat has given the notice.

38. The U.S. EPA has notified IDEM of the existence of this Order.

39. Ispat agrees to the terms of this Order. However, Ispat neither admits nor denies that the Reline Project is subject to Indiana PSD preconstruction requirements.

**Opportunity for Notice and Conference and Effective Date**

40. Section 113(a)(4) of the Act provides that this Order shall not take effect until Ispat has had a 30-day notice and an opportunity to confer with U.S. EPA regarding the alleged violations. Ispat's signature below shall constitute its acknowledgment that it has waived the right to a 30-day notice and has had sufficient opportunity to confer with U.S. EPA prior to issuance of this Order.

41. This Order is effective on the date of signature by the Director of the Air and Radiation Division.

**Termination of the Order**

42. Except as provided in Paragraphs 43 and 44, this Order shall terminate automatically:

- a. upon the issuance of a minor or major PSD permit for the Reline Project and the proposed addition of a fourth stove at No. 7 Blast Furnace;
- b. upon the failure or refusal of IDEM to grant a minor or major PSD permit for the Reline Project and/or the proposed addition of a fourth stove at No. 7 Blast Furnace; or
- c. in any event, one year from the effective date.

With regard to Paragraphs 42(b)-(c), if IDEM fails or refuses to grant a minor or major PSD permit for the Reline Project and/or the proposed addition of a fourth stove at No. 7 Blast Furnace, Ispat shall notify the U.S. EPA within 30 days of IDEM's decision. Upon receipt of notice by Ispat under this Paragraph, the U.S. EPA may extend the date for automatic termination of this Order after agreement between the Parties pursuant to Paragraph 35.

43. Notwithstanding Paragraph 42 above, this Order shall terminate, after notice by the U.S. EPA, if any of the following occurs:

- a. Ispat does not comply with the material provisions of the Order; or

b. An imminent and substantial endangerment to the public health, welfare, or the environment has occurred that the U.S. EPA believes requires termination of this Order. This Order terminates immediately upon receipt by Ispat of the notice of termination.

**Survival of the Terms**

44. Paragraphs 28 and 29 of this Order shall survive the termination of this Order, unless the U.S. EPA terminates this Order pursuant to Paragraph 43, in which case the Parties retain the legal rights and responsibilities as they stood prior to the effective date of this order.

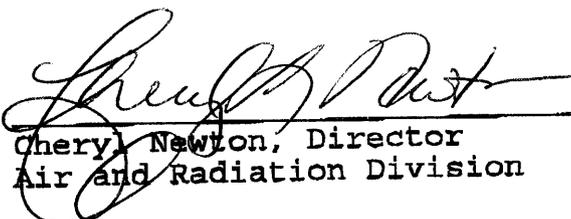
**Signatories**

45. The undersigned representatives of the Parties each verify that he or she is authorized to enter into this Order and to legally bind the parties to this Order.

5/16/03  
Date

  
\_\_\_\_\_  
John Fekete, Director  
Environmental Affairs  
Ispat Inland, Inc.

5/16/03  
Date

  
\_\_\_\_\_  
Cheryl Newton, Director  
Air and Radiation Division

CERTIFICATE OF MAILING

I, Betty Williams, certify that I sent the Administrative Consent Order, EPA-5-03-113(a)IN-03, by Certified Mail, Return Receipt Requested, to:

John Fekete, Director  
Environmental Affairs  
Ispat Inland, Inc.  
3210 Watling Street  
East Chicago, Indiana 46312

I also certify that I sent a copy of the Administrative Consent Order EPA-5-03-113(a)IN-03, by First Class Mail to:

Paul Dubenetzky, Chief  
Permits Branch  
Office of Air Management  
Indiana Department of Environmental Management  
100 North Senate Avenue  
P.O. Box 6015  
Indianapolis, Indiana 46206-6015

David McIver, Chief  
Office of Enforcement Air Section  
Indiana Department of Environmental Management  
100 North Senate Avenue, Room 1001  
Indianapolis, Indiana 46206-6015

on the 19<sup>th</sup> day of May 2003.



Betty Williams, Secretary  
AECAS (IL/IN)

CERTIFIED MAIL RECEIPT NUMBER: 700/0320 0006 0178 3202