



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

REPLY TO THE ATTENTION OF

(AE-17J)

DEC 30 2003

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Roland D. Beem
Environmental Compliance Specialist
Kokomo Transmission Plant
DaimlerChrysler Corporation
2401 South Reed Road
Kokomo, Indiana 46904-9007

Re: Notice of
Violation/Finding of
Violation
DaimlerChrysler
Corporation
Kokomo, Indiana

Dear Mr. Beem:

The United States Environmental Protection Agency (U.S. EPA) is issuing the enclosed Notice of Violation (NOV)/Finding of Violation (FOV) to DaimlerChrysler Corporation (DaimlerChrysler) under Section 113(a)(1) and (a)(3) of the Clean Air Act, 42 U.S.C. § 7413(a)(1) and (a)(3). We find that you are violating the Indiana State Implementation Plan and Section 502 of the Clean Air Act, 42 U.S.C. § 7661a, at your Kokomo, Indiana facility.

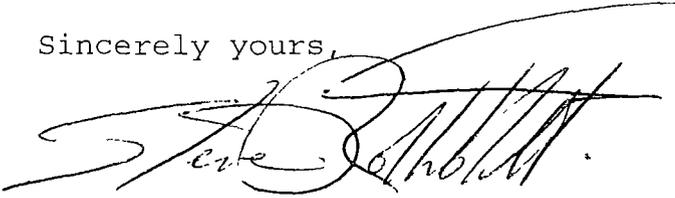
Section 113 of the Clean Air Act gives us several enforcement options. These options include issuing an administrative compliance order, issuing an administrative penalty order, and bringing a judicial civil or criminal action. The options we select may depend on, among other things, the length of time you take to achieve and demonstrate continuous compliance with the rules cited in the NOV/FOV.

We are offering you an opportunity to confer with us about the violations alleged in the NOV/FOV. The conference will give you an opportunity to present information on the specific findings of violation, any efforts you have taken to comply, and the steps you will take to prevent future violations.

Please plan for your facility's technical and management personnel to attend the conference to discuss compliance measures and commitments. You may have an attorney represent you at this conference if you choose.

The contact in this matter is Kushal Som. You may call him at (312) 353-5792 to request a conference. You should make the request as soon as possible, but no later than 10 calendar days after you receive this letter. We should hold any conference within 30 calendar days of your receipt of this letter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Stephen Rothblatt". The signature is stylized and written over a horizontal line.

Stephen Rothblatt, Director
Air and Radiation Division

cc: David McIver, Chief
Air Section
Indiana Department of Environmental Management

Kathleen M. Hennessey, Esq.
DaimlerChrysler Corporation

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5

IN THE MATTER OF:)
)
DaimlerChrysler Corporation) NOTICE OF VIOLATION/FINDING OF
Kokomo, Indiana) VIOLATION
)
) EPA-5-04-01-IN
Proceedings Pursuant to)
Section 113(a)(1) of the)
Clean Air Act, 42 U.S.C.)
§ 7413(a)(1))
)

NOTICE OF VIOLATION

The Administrator of the United States Environmental Protection Agency (U.S. EPA) is issuing this Notice of Violation/Finding of Violation under Section 113(a)(1) and (a)(3) of the Clean Air Act (the Act), 42 U.S.C. § 7413(a)(1) and (a)(3). U.S. EPA finds that DaimlerChrysler Corporation (DaimlerChrysler) is violating the Indiana State Implementation Plan (SIP) and Section 502 of the Act, 42 U.S.C. § 7661a, as follows:

Statutory and Regulatory Background

Prevention of Significant Deterioration

1. On June 19, 1978, U.S. EPA promulgated the prevention of significant deterioration (PSD) of air quality standards pursuant to Subtitle I, Part C of the Act, 42 U.S.C. §§ 7470-7492. These regulations are codified at 40 C.F.R. § 52.21 (43 Fed. Reg. 26403).
2. Part C of Title I of the Act and the PSD regulations implementing Part C, at 40 C.F.R. § 52.21, prohibit a major stationary source from constructing a modification without first obtaining a PSD permit if the modification is major in that it will result in a significant net increase in emissions of a regulated pollutant and if the source is located in an area which has achieved the National Ambient Air Quality Standards (NAAQS) for that pollutant. Part C and its implementing regulations further require that a source subject to PSD regulations install Best Available Control technology (BACT). 40 C.F.R. § 52.21(j)(1984).
3. 40 C.F.R. § 52.21(b)(1)(i)(b)(1984) defines a "major stationary source" as any stationary source which emits, or

has the potential to emit, 25 tons per year (tpy) or more of any air pollutant subject to regulation under the Act.

4. 40 CFR § 52.21(b)(2)(i)(1984) defines a "major modification" as any physical change in or change in the method of operation of a major stationary source that would result in a significant net emissions increase of any pollutant subject to regulation under the Act.
5. 40 C.F.R. § 52.21(B)(3)(i)(1984) defines "net emissions increase" as "the amount by which the sum of the following exceeds zero:
 - (a) Any increase in actual emissions from a particular physical change or change in method of operation at a stationary source; and
 - (b) Any other increases and decreases in actual emissions at the source that are contemporaneous with the particular change and are otherwise creditable."
6. 40 C.F.R. § 52.21(b)(21)(1984) defines "actual emissions" as of a particular date equal to the average rate, in tons per year, at which the unit actually emitted the pollutant during a two-year period which precedes the particular date and which is representative of normal source operations.
40 C.F.R. § 52.21(b)(21)(ii).
7. 40 C.F.R. § 52.21(b)(23)(i)(1984) defines "significant", in reference to a net emissions increase or the potential of a source to emit any of the following pollutants, as a rate of emissions that would equal or exceed any of the following rates:
 - Nitrogen Oxides: 40 tpy
 - Particulate Matter: 25 tpy
 - Sulfur Dioxide: 40 tpy
8. The PSD regulations were incorporated into the Indiana SIP on August 7, 1980. 40 CFR § 52.793 (45 Fed. Reg. 52741)

Title V Permit Program

9. Section 502(a) of the Act, 42 U.S.C. § 7661a(a), states that it shall be unlawful for any person to violate any requirement of a Title V permit or to operate a major source without a Title V permit. Section 502(b) of the Act, 42 U.S.C. § 7661a(b), requires the Administrator of U.S. EPA to promulgate regulations establishing the minimum elements of a Title V permit program.

10. On July 21, 1992, U.S. EPA promulgated regulations required by the Act for Title V state operating permit programs. 57 Fed. Reg. 32295. These regulations are codified at 40 C.F.R. Part 70.
11. 40 C.F.R. § 70.1(b) provides that all sources subject to the regulations at Part 70 shall have a permit to operate that assures compliance by the source with all applicable requirements.
12. 40 C.F.R. § 70.5(a) provides that each owner or operator shall submit a timely and complete permit application.
13. 40 C.F.R. § 70.5(a)(2) provides, among other things, that information required under 40 C.F.R. § 70.5(c) must be sufficient to evaluate the subject source and its application and to determine all applicable requirements.
14. 40 C.F.R. § 70.5(c) provides, among other things, that an application may not omit information needed to determine the applicability of, or to impose, any applicable requirement. U.S. EPA promulgated final interim approval of the Indiana Title V program on November 14, 1995 (60 Fed. Reg. 57188), and the program became effective on December 14, 1995. The Indiana Title V program was granted final full approval by U.S. EPA, effective November 30, 2001. See 40 C.F.R. Part 70, Appendix A.

DaimlerChrysler's Facility

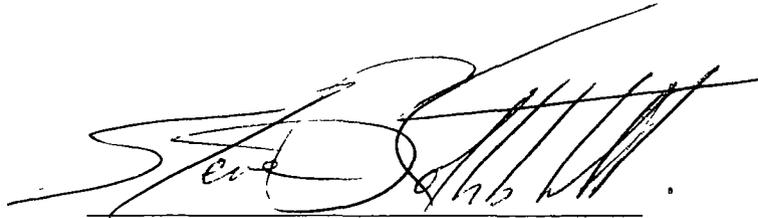
15. DaimlerChrysler owns and operates a transmission facility at 2401 South Reed Road, Kokomo, Indiana.
16. DaimlerChrysler owns and operates three coal-fired boilers, Boilers 1,2 and 3, as part of the transmission facility.
17. Emissions from DaimlerChrysler's coal-fired boilers are subject to the Prevention of Significant Deterioration regulations in the Indiana SIP.
18. DaimlerChrysler's facility is subject to Title V of the Act because it is a major source (as defined in Section 501(2) of the Act) with the potential to emit more than 100 tons per year of PM, NO_x and SO₂.

Violations

19. In 1984, DaimlerChrysler commenced construction of a major modification including a physical change and a change in the method of operation of its three coal-fired boilers which increased sulfur dioxide (SO₂), particulate (PM) and nitrogen oxide (NO_x) emissions at its Kokomo, Indiana facility above the significance levels defined at 40 C.F.R. § 52.21(b)(23)(i).
20. During 1984, to allow full-time operation of the boilers, DaimlerChrysler replaced a number of components of the three coal-fired boilers, which included, among other things, economizers, ash and coal handling systems, and soot blowers.
21. In 1985, DaimlerChrysler switched these three 47 million British Thermal Unit boilers from stand-by operation to full-time operation. All three boilers were originally built in 1955, and had not operated from 1972 to 1985, except for a two-month period in 1977.
22. DaimlerChrysler increased SO₂, PM and NO_x emissions above the significance level prior to obtaining a PSD permit in accordance with the Act, violating the Indiana SIP rules and 40 C.F.R. § 52.21. DaimlerChrysler has operated and continues to operate its facility without obtaining a PSD permit for the 1984 modifications to its three coal-fired boilers, violating the Indiana SIP rules and 40 C.F.R. § 52.21.
23. DaimlerChrysler submitted an application for a Part 70 Operating Permit (also known as a Title V permit) to the Indiana Department of Environmental Management (IDEM) for its Kokomo Transmission Plant. The application failed to provide sufficient information related to the modifications of Boiler Nos. 1, 2 and 3 that DaimlerChrysler constructed in 1984 and corresponding emissions increases in PM, NO_x and SO₂ to allow IDEM to evaluate the source and its application and to determine all applicable requirements as required by 40 C.F.R. § 70.5(a)(2) and (c).
24. On September 2, 1999, IDEM issued a Part 70 Operating Permit to DaimlerChrysler for its Kokomo Transmission Plant. The Part 70 Operating Permit does not include emissions limitations for Boiler Nos. 1, 2 and 3 that are consistent with BACT because DaimlerChrysler failed to provide sufficient information in its application related to the

modifications of these boilers. DaimlerChrysler has and is operating Boiler Nos. 1, 2 and 3 without a Part 70 Operating Permit that assures compliance with all applicable requirements including, among other things, BACT for control of PM, NO_x and SO₂ in violation of Section 502(a) of the Act, 42 U.S.C. § 7661a(a), 40 C.F.R. §§ 70.1(b), 70.5(a) and 70.5(c).

12/30/2003
Date

A handwritten signature in black ink, appearing to read "Stephen Rothblatt", written over a horizontal line.

Stephen Rothblatt, Director
Air and Radiation Division

CERTIFICATE OF MAILING

I, Betty Williams, certify that I sent a Notice of Violation/Finding of Violation, No. EPA-5-04-01-IN, by Certified Mail, Return Receipt Requested, to:

Ronald D. Beem
DaimlerChrysler Corporation
2401 South Reed Road
Kokomo, Indiana 46904-9007

I also certify that I sent copies of the Notice of Violation and Finding of Violation by first class mail to:

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

Kathleen M. Hennessey, Esq.
Senior Staff Counsel
Office of General Counsel
DaimlerChrysler Corporation
CIMS 485-13-62
1000 Chrysler Drive
Auburn Hills, MI 48326-2766

on the 31st day of December, 2003.



Betty Williams, Secretary
AECAS, (IL/IN)

CERTIFIED MAIL RECEIPT NUMBER:

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