



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

JUN 30 2016

REPLY TO THE ATTENTION OF

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Aricka Peters
Terminal Manager
Kinder Morgan Liquids Terminals LLC
Cincinnati North Terminal
930 Tennessee Ave
Cincinnati, Ohio 45229

Brandon Cox
Environmental Manager
KM Phoenix Holdings LLC
Kinder Morgan Inc.
3806 Kellogg Avenue
Cincinnati, Ohio 45226

Re: Notice of Violation
KM Phoenix Holdings LLC, and Kinder Morgan Liquids Terminals LLC
Cincinnati, Ohio

Dear Ms. Peters and Mr. Cox:

The U. S. Environmental Protection Agency is issuing the enclosed Notice of Violation (NOV) to KM Phoenix Holdings LLC (KM Holdings), and Kinder Morgan Liquids Terminals LLC (Kinder Liquids), under Section 113(a) of the Clean Air Act, 42 U.S.C. § 7413(a)(1). EPA finds that you violated conditions contained in your Permit to Install and Operate (PTIO) at your Cincinnati, Ohio facility.

Section 113 of the Clean Air Act gives EPA several enforcement options. These options include issuing an administrative compliance order, issuing an administrative penalty order and bringing a judicial civil or criminal action.

EPA is offering you an opportunity to confer about the violations alleged in the NOV. The conference will give you an opportunity to present information on the alleged violations, any efforts you have taken to comply and the steps you will take to prevent future violations. To make the conference more productive, EPA encourages you to submit information responsive to the NOV prior to the conference date.

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.

The EPA contact in this matter is Gina Harrison. You may call her at (312) 353-6956 to request a conference. You should make the request within 10 calendar days following receipt of this letter. We should hold any conference within 30 calendar days following receipt of this letter.

Sincerely,



Edward Nam
Acting Director
Air and Radiation Division

Enclosure

cc: Greg Howard
Southwest Ohio Air Quality Agency

Robert Hodanbosi
Ohio Environmental Protection Agency

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5**

IN THE MATTER OF:)
)
)
KM Phoenix Holdings LLC and)
Kinder Morgan Liquids Terminals LLC)
Cincinnati North Terminal)
Cincinnati, Ohio)
)
)
)
Proceedings Pursuant to)
the Clean Air Act)
42 U.S.C §§ 7401 *et seq.*)

NOTICE OF VIOLATION

EPA-5-16-OH-15

NOTICE OF VIOLATION

The U.S. Environmental Protection Agency (EPA) is sending this Notice of Violation (NOV) to notify you that EPA has determined that KM Phoenix Holdings LLC (KM Holdings), which is a joint venture corporation between Kinder Morgan Inc. and BP Products North America Inc. (BP), and Kinder Morgan Liquids Terminals LLC (Kinder Liquids) failed to comply with certain requirements and provisions specified in the Permit-to-Install and Operate (PTIO) for the gasoline distribution bulk terminal located at 930 Tennessee Ave. in Cincinnati, Ohio (Cincinnati Terminal or Facility), which was previously owned and operated by BP and is currently owned by KM Holdings and operated by Kinder Liquids.

Explanation of Violations

Regulatory and Permit Provisions

1. 40 C.F.R. Part 52 sets forth regulatory provisions pertaining to the approval and promulgation of implementation plans. Section 52.23 of the general provisions pertains to the violation and enforcement of provisions approved into a state implementation plan, and provides, in pertinent part, as follows:

Failure to comply with any . . . permit limitation or condition contained within an operating permit issued under an EPA-approved program that is incorporated into the State implementation plan, shall render the person or governmental entity so failing to comply in violation of a requirement of an applicable implementation plan and subject to enforcement action under section 113 of the Clean Air Act.

2. On February 20, 2013, U.S. EPA, Region 5, approved into the Ohio State Implementation Plan (SIP) a Permit to Install and Operate (PTIO) program to make Ohio's air permit

program for minor sources more efficient and the permit provisions federally enforceable. 78 Fed. Reg. 11748.

Permit to Install P0116569

3. The permit and permit conditions relevant to this NOV are as follows:
- a. On May 1, 2014, Ohio Environmental Protection Agency (Ohio EPA) issued Permit-to-Install and Operate (PTIO) P0116569 to BP, the predecessor in interest to KM Holdings and Kinder Liquids, for one loading rack and nineteen tanks located at the Facility, filed under Facility ID 14-31070118. The PTIO lists the following emission units, each associated with its own company equipment identification:

Emission Unit ID	Company Equipment ID
J002	Loading Rack
T001	Tank #3
T002	Tank #12
T003	Tank #14
T004	Tank #23
T005	Tank #2
T006	Tank #1
T007	Tank #4
T008	Tank #6
T009	Tank #7
T010	Tank #8
T011	Tank #22
T012	Tank #20
T013	Tank #21
T014	Tank #10
T016	Tank #24
T017	Tank #19
T018	Tank #11
T022	Tank #15
T023	Tank #17

- b. Among other requirements, PTIO P0116569 sets forth the following requirements and limitations for Tank #24 (Tank T016):
- i. Part C.3(c)(1)(a) of PTIO P0116569 requires that the fixed roof storage tank be equipped with an internal floating roof.
- ii. Part C.3(c)(1)(d) of PTIO P0116569 requires that all openings [at T016], except stub drains, shall be equipped with a cover, seal, or lid which is to

Factual Background

4. The Facility is a bulk gasoline terminal with a gasoline throughput of greater than 20,000 gallons per day. On or about February 1, 2016, BP, as owner and operator of the Cincinnati Terminal, sold the Facility to Kinder Morgan Operating L.P. “D,” a wholly owned subsidiary of Kinder Morgan Inc., which immediately transferred ownership in the Facility to KM Holdings, a joint venture between Kinder Morgan Inc. (with 75% ownership interest) and BP (with 25% ownership interest). Kinder Liquids, a wholly owned subsidiary of Kinder Morgan Inc., is the operator of the Facility.
5. By letter dated January 22, 2016, BP notified Ohio EPA – Southwest Ohio Air Quality Agency of the pending transfer of ownership of the Facility to KM Holdings and the pending operation of the Facility by Kinder Liquids, and requested the transfer of PTIO P0116569 from BP to KM Holdings as owner and to Kinder Liquids as operator of the Facility.
6. KM Holdings owns and Kinder Liquids operates Tank #24 at the Facility, which is designated by Ohio EPA as emission unit T016. Emission unit T016 stores transmix and is equipped with an internal floating roof, a center vent, and two perimeter vents. The internal floating roof was installed in December 2000 and is comprised of 0.02” bolted aluminum decking, a double wiper elastomeric seal, pontoons, and two anti-rotation cables. The floating roof contains a gauge hatch, deck fittings and deck seams, which are openings to the liquid level with seals as described in Part C.3(c)(1)(d) of PTIO P0116569. Transmix contains gasoline.
7. On June 3, 2015, EPA performed a Clean Air Act inspection of the Facility and performed hydrocarbon imaging using a FLIR® GF-320 camera on storage vessels, including T016.
8. During the June 3, 2015 inspection, EPA inspectors, using the FLIR® GF-320 camera, observed emission unit T016 continuously leaking hydrocarbon emissions while tank openings were not in actual use for tank gauging or sampling. From the top of the tank, EPA and Ohio EPA inspectors measured gases emitted downwind of the center vent with a photoionization detector (PID) and recorded values as high as 8032 parts per billion (ppb) of volatile organic compounds (VOC).
9. On March 30, 2016, EPA issued an NOV to BP, the owner and operator of the Cincinnati Terminal prior to the February 1, 2016 joint venture agreement, alleging that tank T016 was operating in violation of the PTIO at Part C.3(c)(1)(d).
10. On May 16, 2016, EPA performed a second Clean Air Act inspection of the Facility and performed hydrocarbon imaging using a FLIR® GF-320 camera on storage vessels, including T016.

11. During the May 16, 2016 inspection, EPA inspectors, using the FLIR® GF-320 camera, observed the center vent and two perimeter vents at T016 continuously leaking hydrocarbon emissions while tank openings were not in actual use for tank gauging or sampling. EPA and Ohio EPA inspectors measured gases on the ground downwind of the tank vents with a PID and recorded values above background as high as 116 ppb of VOC. Inspectors also measured gases inside the headspace of the tank via a gauge hatch using a toxic vapor analyzer (TVA) and recorded values as high as 1800 parts per million (ppm).

Violations

12. The continuous venting of hydrocarbon emissions from the T016 center vent and perimeter vents, as observed and measured during EPA's June 3, 2015 and May 16, 2016 inspections of the Facility, are violations by KM Holdings and Kinder Liquids of PTIO P0116569 at Part C.3(c)(1)(d).

Environmental Impact of Violations

13. The above-referenced violations by KM Holdings and Kinder Liquids Terminals LLC have caused, may or will cause excess emissions of hazardous air pollutants (HAP) and VOC. Excess HAP emissions can cause serious health effects, such as birth defects and cancer, and harmful environmental and ecological effects. Excess VOC emissions can cause eye, nose, and throat irritation; headaches, loss of coordination, nausea; damage to liver, kidney, and central nervous systems.

6/30/16
Date


Edward Nam
Acting Director
Air and Radiation Division

CERTIFICATE OF MAILING

I, Loretta Shaffer, certify that I sent a Notice of Violation, No. EPA-5-16-OH-15, by Certified Mail, Return Receipt Requested, to:

Aricka Peters
Terminal Manager
Cincinnati North Terminal
Kinder Morgan Liquids Terminals LLC
930 Tennessee Ave
Cincinnati, Ohio 45229

Brandon Cox
Environmental Manager
KM Phoenix Holdings LLC
Kinder Morgan Inc.
3806 Kellogg Avenue
Cincinnati, Ohio 45226

~ 7009 1680 0000 7673 8026

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

Greg Howard
Southwest Ohio Air Quality Agency
250 William Howard Taft Road
Cincinnati, Ohio 45219-2660

Robert Hodanbosi
Division of Air Pollution Control
Ohio Environmental Protection Agency
50 West Town St., Suite 700
Columbus, OH 43215

On the 30 day of June 2016.



Kathy Jones
Program Technician
Planning Administration Section

CERTIFIED MAIL RECEIPT NUMBER: 7009 1680 0000 7673 7999