

AGREED BOARD ORDER

AIR POLLUTION CONTROL DISTRICT OF JEFFERSON COUNTY

INCIDENT NOS. 02811, 02812, and 02761

This order is issued by the Air Pollution Control Board of Jefferson County (Board) pursuant to Kentucky Revised Statutes Chapter 77 AIR POLLUTION CONTROL.

COMPANY: AKZO NOBEL COATINGS, INC.
4730 CRITTENDEN DRIVE
LOUISVILLE, KENTUCKY

REGULATION INVOLVED: 2.16 Title V Operating Permits

POLLUTANT: Volatile Organic Compounds (VOC)/Hazardous Air Pollutants (HAP)

HIGH PRIORITY VIOLATION: Yes

NOTICE OF VIOLATION LETTER: 01261 dated July 18, 2002

BACKGROUND AND DISCUSSION:

Company operates a coatings and resins manufacturing facility pursuant to District Operating Permit No. 120-97, which requires, among other things, monitoring and recordkeeping of the temperature on certain VOC controls and the pressure drop on certain particulate (PM) controls, daily calculations of hourly PM and daily and hourly VOC emissions, and submission of a semi-annual compliance report and an annual compliance certification.

On June 27, 2001, a District inspector requested certain monitoring records required by Permit No. 120-97 and was told by a company representative that the records were not available. During subsequent inspections in 2001, the District discovered that the Company had not installed the required monitors. In addition to its failure to monitor and keep records required by its permit, Company failed to submit required VOC and PM emissions calculations in 2001, submitted its semi-annual report 55 days late, and submitted an annual compliance certification erroneously stating that the facility was operated in compliance with Permit No. 120-97 in 2000.

Company reported in June, 2002, that it had installed all required temperature and pressure drop monitors and was keeping records as required by Permit No. 120-97. Company submitted the daily VOC and PM calculations required by Permit No. 120-97 in June, 2002.

To fully resolve the above-mentioned noncompliances with District Operating Permit No. 120-97, the parties agree to this Order assessing against the Company an administrative settlement of \$222,700. Payment of the administrative settlement shall be as follows: \$55,700 to be paid by check; \$20,000 is approved as credit towards implementation of ISO 14001 as a supplemental

environmental project (SEP); and up to \$147,000 shall be allowed as credit for additional SEPs if approved by District. Within 120 days from the date of the entry of this Order, Company may propose additional SEPs for approval by District. Within 30 days of receipt of a SEP proposal, District shall advise Company as to the credit approved for the proposal, which may be applied against the remaining penalty of \$147,000. If Company elects to accept the credit as approved by District, Company shall perform the SEP, and the penalty shall be reduced accordingly.

If within 180 days of the entry of this Order, the District has not approved Company's proposed SEPs for a total additional credit of \$147,000, Company shall pay the remaining balance of the administrative settlement.

On October 16, 2002, a public hearing was held before the Board on the proposed settlement. Based upon the evidence presented at that hearing, the Board determined that the proposed resolution and requirements were reasonable under the circumstances.

NOW THEREFORE BE IT ORDERED THAT:

1. Company shall pay \$55,700 to the Air Pollution Control District of Jefferson County (District) by October 31, 2002.
2. Company shall demonstrate implementation of an ISO 14001 certified environmental management system at its Louisville facility by submitting its certification to District by December 31, 2003.
3. Within 120 days of the issuance of this order, Company shall submit to District one or more proposed supplemental environmental projects (SEPs) for credit of up to \$147,000. Company shall include with its submittal a justification as to why the proposed projects should be approved as SEPs. If within 180 days of the date of entry of this Order, District has not approved one or more of Company's proposed SEPs or Company elects not to conduct one or more proposed SEPs, for a total SEP credit of \$147,000, Company shall pay the balance of the administrative settlement that has not been approved as SEP credit to the District.
4. Company has reviewed this Order and consents to all its requirements and terms. Further, Company agrees to pay the cost of publishing legal notice on the public hearing.
5. In the event that it is necessary for the District to seek a court order to enforce this Order, Company agrees to pay filing fees and costs of any such action.
6. This Order fully resolves the noncompliances listed in Incident Nos. 02811, 02812, and 02761.

Dated this 16th day of October, 2002.

AIR POLLUTION CONTROL BOARD
OF JEFFERSON COUNTY

AKZO NOBEL COATINGS, INC.

BY: _____
JOSEPH D. VIBBERT
CHAIRMAN

BY: _____
MICHAEL J. KELLY
PLANT MANAGER

AIR POLLUTION CONTROL DISTRICT
OF JEFFERSON COUNTY

BY: _____
JESSE GOLDSMITH
ENGINEERING/ENFORCEMENT MANAGER

APPROVED AS TO FORM AND LEGALITY:
AIR POLLUTION CONTROL DISTRICT
OF JEFFERSON COUNTY

BY: _____
GAYLORD B. BALLARD
ATTORNEY