

AGREED BOARD ORDER NO. 12-01

LOUISVILLE METRO AIR POLLUTION CONTROL BOARD

Incident Nos. 05933 and 06082

This Order is issued by the Louisville Metro Air Pollution Control Board (Board) pursuant to Kentucky Revised Statutes Chapter 77 (Air Pollution Control). This Agreement is made by and between the Board and Louisville Gas and Electric Company (Company), a Kentucky corporation, and is effective on the date of its adoption by the Board.

COMPANY: Louisville Gas and Electric Company
220 West Main Street
Louisville, Kentucky 40202

REGULATIONS INVOLVED:

District Regulation 1.07: Excess Emissions During Startups, Shutdowns, and Upset Conditions
District Regulation 1.09: Prohibition of Air Pollution
District Regulation 1.14: Control of Fugitive Particulate Emissions

NOTICE OF VIOLATION LETTERS: No. 02246, dated July 22, 2011
No. 02340, dated November 3, 2011

BACKGROUND AND DISCUSSION:

Louisville Gas and Electric Company is a utility company that produces electricity at its Cane Run Generating Station in Jefferson County, Kentucky. Company mixes waste fly ash with waste sludge from the flue gas desulfurization units at the sludge processing plants ("SPP") and disposes of the waste material at its onsite landfill. The District alleges that on several occasions Company failed to take reasonable precautions to prevent particulate emissions from the landfill or the SPP from becoming airborne beyond the worksite, and on a number of occasions created a nuisance to the surrounding neighborhood. The District further alleges that on some occasions Company failed to self-report excess emissions from the SPP.

On October 18, 2010, the District received a complaint from a citizen in the Cane Run Road area regarding visible particulate matter on the exterior of her home that had become an ongoing problem. On February 16, 2011, the District took three samples of the particulate matter from the home and submitted them to a laboratory for testing. Microscopic analysis of the samples by MRS Laboratory identified 85-92% of the particulate as fly ash. On April 18, 2011, the District met with Company and together took more samples at three residences on Cane Run Road. On July 12, 2011, Company provided the District with results of sample analysis performed by RJ Lee Group that indicated 20 – 40% fly ash in two of the samples and greater than 50% flyash in four samples.

On June 21 and July 15, 2011, Company reported accidental releases of fly ash caused by equipment problems. In each of these events a dust cloud was created, and on July 15 the cloud was observed drifting off property. On July 18, 29, and 30, Company reported excess emissions caused by equipment problems at the sludge processing plants. The District received citizen complaints on each of these days of clouds of dust emanating from the facility and being carried by the wind high into the air or throughout the neighborhood. On August 4, 11, 12, 19, and 22, the District received citizen complaints, including photos of clouds of ash being transported by the wind from the SPP in the evening or late afternoon. A District compliance officer observed a steady stream of particulate being emitted from the SPP from approximately 4:00 to 6:30 p.m. on August 12. Company failed to report excess emissions on these days.

On August 23, 2011, the District met with Company representatives to discuss the continuing problems. Company reported on an equipment problem that was believed to have caused some of the upset events of the past month and described some of the corrective actions taken so far, including installing a containment around some of the transfer equipment and better enclosure of the SPP building. Company also agreed to conduct more frequent visible emissions surveys and reported that it was exploring modifications or additions to the particulate control for the SPP. Company has now taken the following corrective actions:

- Retrained SPP operators, revised operation and maintenance schedules, and implemented more frequent cleaning;
- Contracted the cyclone manufacturer to examine and analyze the operation of the control equipment and to determine options for additional controls;
- Installed a 3-Stage HEPA filter in the exhaust from the Pug Mill Mixer and rerouted the exhaust to emit inside the SPP building;
- Sealed and placed traffic restrictions on ash pond roads;
- Increased watering on in-plant roads;
- Graded and seeded or added temporary cover to areas of landfill;
- Made modifications to the ash pond; and
- Began testing dust suppressants for application to inactive open areas of the landfill.

Company further agrees to:

- Conduct hourly visible emission surveys of Unit 4/5 SPP and take corrective action when necessary; and
- Apply dust suppressant in accordance with the manufacturer's written recommendations to inactive open areas of the landfill.

To fully address the violations of District Regulations 1.07, 1.09, and 1.14 alleged above, the parties agree to this Order requiring corrective actions and assessing against the Company an administrative settlement of \$19,500 and providing for a Company donation of \$3,000 to the Air Quality Trust Fund. On April 18, 2012, a public hearing was held before the Board on this proposed Order. Based upon the information presented at that hearing, the Board determines that the proposed resolution and requirements contained in this Order are reasonable under the circumstances.

NOW, THEREFORE BE IT ORDERED THAT:

1. Company shall pay \$19,500 to the Louisville Metro Air Pollution Control District by April 18, 2012.

2. Company shall donate \$3,000 to the Air Quality Trust Fund, in accordance with KRS 77.127, by April 18, 2012.

3. Company shall conduct hourly visible emission evaluations of Unit 4/5 SPP and take corrective action when necessary in accordance with Attachment A to this Order.

4. Company shall submit to the District by April 30, 2012 a proposed plan for the application of dust suppressant to inactive open areas of the landfill. After notification from the District of its approval of the plan, Company shall comply with the plan.

5. Company has reviewed this Order and consents to all its requirements and terms. Company agrees to pay the cost of publishing legal notice of the public hearing.

6. 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 such action.

7. This Order fully resolves the violations alleged in District Incident Nos. 05933 and 06082, and as alleged above in this Order.

8. Neither this Order nor the actions taken hereunder shall constitute an admission by Company of any wrongdoing regarding any of the matters referenced in this Order.

Louisville Metro Air Pollution Control Board

Louisville Gas and Electric Company

By: Robert W. Powell M.D.
Robert W. Powell, M.D.
Chairman

By: Ralph Bowling
Ralph Bowling
Vice President, Power Generation

Date: 4-18-2012

Date: 4/11/12

Louisville Metro Air Pollution Control District

By: Terri Phelps
Terri E. Phelps
Enforcement Manager

Date: 4-17-12

Approved as to form and legality:

By:



Stacy Fritze Dott
Assistant County Attorney

ATTACHMENT A

**Visible Emissions Compliance Plan
For Unit 4/5 SPP**

1. The operator shall conduct hourly one-minute visible emissions surveys during normal operation and daylight hours on the building exhaust points of Unit 4/5 SPP. No more than four exhaust points shall be observed simultaneously.
2. At exhaust points where visible emissions are observed, the operator shall initiate corrective action or shut down Unit 4/5 SPP within one hour of the initial observation. If the visible emissions persist, the operator shall perform or cause to be performed a Method 9 visible emissions evaluation, in accordance with 40 CFR Part 60, Appendix A, within 1 hour of the corrective action.
3. The operator shall maintain monthly records of the results of all visible emissions surveys and tests. Records of the results of any visible emissions survey shall include the date of the survey, the name of the person conducting the survey, whether or not visible emissions were observed, and what, if any, corrective action was performed. If Unit 4/5 SPP is not being operated during a given month, then no visible emissions survey needs to be performed and a negative declaration shall be entered in the record.