

AGREED BOARD ORDER

LOUISVILLE METRO AIR POLLUTION CONTROL BOARD

Reynolds Consumer Products, Inc.

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 Reynolds Consumer Products, Inc. (Company), a Delaware corporation qualified to do business in Kentucky, and is effective on the date of its adoption by the Board.

COMPANY: Reynolds Consumer Products, Inc.
2827 Hale Avenue
Louisville, Kentucky 40211

REGULATIONS INVOLVED:

District Regulation 1.08: Administrative Procedures
District Regulation 2.05: Prevention of Significant Deterioration of Air Quality
District Regulation 2.16: Title V Operating Permits

BACKGROUND AND DISCUSSION:

Company produces aluminum foil at its facility in Jefferson County, Kentucky, by rolling thin sheets of aluminum down to the thickness of its foil products. Rolling mills located at the facility utilize a rolling oil that contains volatile organic compounds (VOCs). VOCs are emitted during the rolling process and subsequent annealing operations.

In the mid-1990s, the Louisville Metro Air Pollution Control District (District) issued a construction permit that limited VOC emissions from the rolling process and annealing operations to 1258 tons. In November 2011, the District issued a construction permit that allowed increased production at the facility and increased allowable VOC emissions to below 1298 tons. This new limit also authorized Company to make facility modifications without being required to undergo Prevention of Significant Deterioration (PSD) review.

On May 9, 2012, the District issued a construction permit authorizing Company to install a heavy oil scrubber that would reduce VOC emissions from two of Company's six rolling mills. Company installed the scrubber during the summer of 2012, and it began operating in mid-August.

Using emissions calculations from 2011, Company estimated VOC emissions for 2012 and concluded that emissions would remain below the permit limit. When the scrubber began operating, Company conducted additional calculations to determine the effectiveness of the scrubber at lowering VOC emissions. Although unrelated to the effectiveness of the scrubber, the calculations revealed VOC emissions from operations during 2012 were estimated to be significantly greater than 2011. While Company is investigating the cause of this estimated increase, as of September 6, 2012, Company appeared to be close to its VOC permit limit for a 12-month period ending December 1, 2012.

Company voluntarily disclosed to and has cooperated with the District regarding the estimated increases to try to determine their cause and potential resolutions. Company seeks to minimize emissions and continue production and employment at the facility. However, continuing any significant operations based on the current emissions estimates would likely result in VOC emissions in excess of the permit limit. If it is determined that Company has exceeded its VOC permit limit, Company has agreed to submit a PSD application to the District.

On September 19, 2012, a public hearing was held before the Board on this proposed Order. Based on 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. If it is determined that Company has exceeded its VOC permit limit, Company agrees to submit a PSD application to the District no later than July 1, 2013.
2. The Board and the District reserve the right to pursue any and all administrative and civil enforcement actions within their authority arising from Company's operations at any time, including throughout the effective period of this Order. In recognition of the fact that the Company has acted in good faith by disclosing to and cooperating with the District regarding estimated emissions increases, neither the Board nor the District shall take any action that seeks the imposition of criminal penalties or other criminal sanctions (including but not limited to any criminal sanctions that may be imposed pursuant to the Clean Air Act or KRS 77.990) against Company or its officers, directors, employees, agents or contractors for conducting rolling mill and annealing oven operations pursuant to this Order from the effective date of this Order until July 1, 2013.
3. Neither this Order nor the actions taken hereunder shall constitute an admission by the Company of any facts or any wrongdoing regarding any of the matters referenced in this Order.

Dated this 19th day of September, 2012.

Louisville Metro Air Pollution Control Board

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

Reynolds Consumer Products, Inc.

By: Lance Mitchell
Lance Mitchell
President and CEO

Louisville Metro Air Pollution Control District

By: Paul Aud
Paul Aud
Engineering Manager

Approved as to form and legality:

By: Stacy Fritze Dott
Stacy Fritze Dott
Assistant County Attorney