

AGREED BOARD ORDER NO. 18-01

LOUISVILLE METRO AIR POLLUTION CONTROL BOARD

**Case Nos. 06780, ENF-16-1030, ENF-16-1027,
ENF- 16-1017, ENF-16-1037, and ENF-17-1005, ENF-17-1014**

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 Hexion Inc. (Company), a New Jersey corporation, and is effective on the date of its adoption by the Board.

COMPANY: Hexion Inc.
6200 Camp Ground Road
Louisville, KY 40216

REGULATIONS INVOLVED:

District Regulation 1.05: Compliance with Emission Standards and Maintenance Requirements
District Regulation 1.07: Excess Emissions during Startups, Shutdowns and Upset Conditions
District Regulation 2.16: Title V Operating Permits

NOTICE OF VIOLATION LETTERS:

Notice of Violation Letter 02651, dated March 29, 2016
Case Nos. ENF-16-1030, ENF-16-1027, ENF- 16-1017, dated September 2, 2016
Case No. ENF-16-1037, dated March 16, 2017
Case No. ENF-17-1005, dated May 22, 2017
Case No. ENF-17-1014, dated February 9, 2018

BACKGROUND AND DISCUSSION:

Company produces specialty chemicals pursuant to Louisville Metro Air Pollution Control District (District) Title V operating permit no. 74-03-TV(R3). The District alleges that between February 2015 and 2016, Company failed to properly report 14 excess emission events. Thereafter, Company continued to have excess emissions resulting from upset conditions. Between April 2016 and January 2018, Company experienced 85 upset conditions resulting in excess emissions. These events were reported to have several different causes, including mechanical or electrical component failures of control devices and process equipment, as well as

meter faults. Several of the events were repeat occurrences indicating inadequate design, operation, or maintenance of equipment.

The District also alleges that Company failed to perform monitoring and recordkeeping requirements, including pressure drop readings and visual inspections, for Emission Unit U2-PF1, as reported in its first semiannual report for 2016. Additionally, Company failed to timely submit its 2015 Annual Compliance Certification until notified by the District. The late report contained several inconsistencies which made it difficult to determine compliance with the permit.

In order to demonstrate compliance, Company has implemented certain programs to identify actions that will prevent recurrence of upset conditions. Company has also implemented mechanical changes to certain equipment, and improved preventative maintenance on others. Further, Company has retained a third-party consultant to evaluate design and reliability of certain permitted control devices.

To fully address the violations of District Regulations 1.05, 1.07, and 2.16 alleged above, the parties agree to this Order assessing against Company an administrative settlement of \$258,750. On March 21, 2018, a public hearing was held before the Board on this proposed Order. Based upon the information presented at the 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 \$258,750 to the Louisville Metro Air Pollution Control District by April 30, 2018.
2. 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.
3. 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.
4. This Order fully resolves the violations alleged in Case Nos. 06780, ENF-16-1030, ENF-16-1027, ENF-16-1017, ENF-16-1037, and ENF-17-1005, ENF-17-1014, and as alleged above in this Order against Company.
5. 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

Hexion Inc.

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

By: Chace Phillips
Chace Phillips
Plant Manager

Date: 4/18/2018

Date: 3/13/18

Louisville Metro Air Pollution Control District

By: Matt King
Matt King, P.E.
Compliance and Enforcement Manager

Date: 3/9/18

Approved as to form and legality:

By: Stacy Britze Dott
Stacy Britze Dott
Assistant County Attorney