



State of Ohio Environmental Protection Agency

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AK Steel Corporation

7/31/2009



* D D G W A K S T E E L 7 3 1 2 0 0 9 *

July 31, 2009

Ms. Kathy Lewis
Risk Manager
AK Steel Corporation
9227 Centre Point Drive
West Chester, Ohio 45069

RE: 2009 AK Steel Financial Assurance - **Notice of Violation**

Dear Ms. Lewis:

Ohio EPA has completed its review of the March 30, 2009 financial assurance submittal. On July 14, 2009, the Ohio EPA's Division of Hazardous Waste Management (DHW) forwarded the financial assurance package to the Division of Drinking and Ground Waters (DDAGW) for its review of the Underground Injection Control (UIC) closure cost estimates. After applying the appropriate (provided by DHW), inflation factor of 1.021% to the 2008 estimates, the 2009 closure cost estimate was \$499,814.00 and the post closure cost estimate was \$43,342.00, for a total of **\$543,156.00**. DDAGW confirmed that the estimates did appear appropriate. However, the revised Schedule A of the Trust Agreement failed to include documentation of the Trust Fund value as to ensure compliance with Ohio Administrative Code Chapter (OAC) 3745-66 which requires the Trust Fund amount to equal or exceed that of the closure and post closure estimates.

On July 21, 2009, Tina Jennings from the DHW contacted the Bank of New York Mellon to ascertain the Trust Fund value to account for closure and post-closure costs of AK Steel's two Class I hazardous waste injection wells. Bank officials indicated the Trust Fund had a value of only **\$536,068.96**, \$7,087.04 under the 2009 closure and post closure cost estimates.

OAC Rule 3745-34-62 requires compliance with the financial responsibility requirements of OAC Rules 3745-55-42 to 3745-55-51 or OAC Rules 3745-66-42 to 3745-66-48. Both OAC Chapters 3745-55 and 3745-66 require that the trust fund agreement must be updated within sixty (60) days when changes to the closure cost estimates exceed the Trust Fund amount. Therefore, AK Steel is being cited in violation of OAC Rule 3745-34-62 and Part I I. of its UIC permits to operate for failing to maintain adequate financial assurance for its two UIC wells.

Ted Strickland, Governor
Lee Fisher, Lieutenant Governor
Chris Korleski, Director

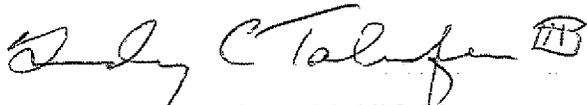


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In order to return to compliance, Ohio EPA request that AK Steel update the Trust Fund amount to meet or exceed the cost estimates for closure and post closure. Please do so within thirty (30) days of receiving this notice and provide documentation confirming the trust fund value.

Should you have any questions, please contact Jess Stottsberry of my staff at (614) 644-2752.

Sincerely,



Lindsay C. Taliaferro III, UIC Manager
Division of Drinking and Ground Waters

cc: Harry Sarvis, DHWM Compliance Assurance Manager
Margaret A. Malone, Ohio AG's Office
Jess Stottsberry, UIC Unit Geologist, DDAGW
Kurt Hileman, Environmental Affairs, AK Steel Corp.