OhioEPA

State of Ohio Environmental Protection Agency

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February 10, 2009

Brad Walls
Safety Coordinator
Ariel Corporation
35 Blackjack Road
Mt. Vernon, OH 43050

Re: **Notice of Violation** and request for information based upon the April 2, 2008 facility inspection at Ariel Corporation (Facility I.D. 0142000060).

Dear Mr. Walls,

On April 2, 2008, Ohio Environmental Protection Agency (EPA), Central District Office (CDO), Division of Air Pollution Control (DAPC) conducted an inspection of Ariel Corporation (Ariel), located at 35 Blackjack Road in Mt. Vernon, Ohio. The purpose of this inspection was to meet with facility personnel and discuss future permitting actions and to determine Ariel Corporation's compliance with the effective permits-to-install and state and federal rules and regulations.

Listed below are "Findings" based upon a review of emissions units at the facility, a review of specific record keeping maintained on site, specific process information, and reports and other documents submitted to Ohio EPA. The "Findings" are followed by "Violation(s)" (if applicable) and "Requested Action(s)" necessary to address stated findings and violations.

1. Finding: MACT compliance status

During the April 2, 2008 meeting, CDO personnel and Ariel Corporation representatives discussed submitting PTI applications requesting federally-enforceable limitations on potential to emit for several emissions units at the facility in order to avoid being a "major source" of hazardous air pollutants (HAPs) and being required to comply with 40 CFR Part 63, Subpart MMMM (National Emissions Standard for Hazardous Air Pollutants for Surface Coating of Miscellaneous Metal Parts and Products), referred to herein as the surface coating MACT.

Subsequent discussions between CDO and Ohio EPA, Central Office, and further clarification from the United States Environmental Protection Agency revealed that this is not an option for Ariel Corporation. Once the compliance date for a MACT has passed, sources lose the option of adopting federally-enforceable restrictions in their permits to avoid compliance with that MACT. Based on Ariel Blue coating formulation information and permitted emissions limitations, it appears that Ariel has the potential to emit more than 10 tons per year of a single hazardous air pollutant (xylene). Facilities with a potential to emit more than 10 tons per year of a single HAP are considered major sources of HAP emissions. As a major source of HAP emissions, Ariel would be required to comply with the emissions limitations and other requirements of the surface coating MACT.

Requested Action:

CDO requests that Ariel submit a compliance plan and schedule to comply with the requirements of the surface coating MACT. This plan should include milestones that are needed to demonstrate compliance with the surface coating MACT, along with estimated completion dates. Also, this compliance plan and schedule should be submitted within sixty (60) days of receipt of this letter and may include a timeline for installation of emissions control equipment or switching to a non-HAP coating formulation. CDO further requests that this compliance plan and schedule be completed and compliance with the surface coating MACT be achieved no more than one year (12 months) from receipt of the compliance plan and schedule.

2. Finding: Facility Title V status

As a major source of HAP emissions, Ariel was also required to submit an application for a Title V operating permit and pay Title V emissions fees. To date, CDO has not received either a Title V operating permit application or Title V fee emissions report.

Violation:

Failure to submit a Title V application within 12 months of becoming a Title V facility is considered a violation of Ohio Administrative Code (OAC) rule 3745-77-04(D). Violations of OAC rules 3745-77-04(D) is also considered a violation of Ohio Revised Code (ORC) 3704.05(K), which states (in part):

> *"...[A]fter the three hundred sixty-sixth day following the commencement of operation of a new major source required to comply with section 112(g) or part C or D of Title I of the federal Clean Air Act, whichever is later, no person shall operate any such source that is required to obtain a Title V permit under section 3704.036 of the Revised Code or rules adopted under it...unless a complete and timely application for the issuance, renewal, or modification of a Title V permit for the source has been submitted to the director under that section."*

Failure to submit a Title V fee emissions report and pay Title V emissions fees is considered a violation of OAC rule 3745-78-02(A). Violation of OAC rule 3745-78-02(A) is also considered a violation of ORC 3704.05(J)(1), which states (in part):

> *"No person shall...[w]ith regard to the Title V permit program, fail to pay...any fee assessed under section 3745.11 of the Revised Code[.]"*

Requested Action:

CDO requests that Ariel submit a complete Title V operating permit application within six (6) months of receipt of this letter. In addition, CDO requests that Ariel reconstruct and submit Title V fee emissions reports for calendar year 2006 and 2007 through Air Services within thirty (30) days of receipt of this letter. Title V fee emissions reports for calendar year 2008 are due April 15, 2009.

3. Finding Facility major source status

During CDO's inspection and records review, it was determined that Ariel was issued permits to install for four (4) new paint booths at the Blackjack Road facility on August 1, 2006. These paint booths have combined permitted emissions of 154.8 tons of volatile organic compounds (VOC) per year. The installation of these emissions units with a potential to emit over 100 tons of VOC per year in an ozone non-attainment area (Knox County) is subject to nonattainment New Source Review, because the potential emissions increase would constitute a major stationary source by itself (OAC rule 3745-31-01(LLL)).

Requested Action:

CDO requests that Ariel compile a current facility-wide potential to emit (PTE) analysis and list of installation dates of all emissions units at the facility. Using this information CDO requests that Ariel determine whether a major modification occurred at the facility in accordance with OAC rule 3745-31-01(JJJ) within thirty (30) days of receipt of this letter. Please include any and all assumptions, calculations, citations and guidance utilized when completing this analysis, and submit it within thirty (30) days of receipt of this letter.

If this analysis demonstrates that the project (installation of new paint booths) should have undergone nonattainment New Source Review, please submit a complete PTI application, including appropriate modeling, emissions offsets, and LAER (Lowest Achievable Emissions Rate) evaluation within ninety (90) days of receipt of this letter, and prior to the submittal of the Title V operating permit requested in Finding 2 (above).

4. Finding: Emissions unit K003 coating usage limitation

During CDO's inspection and subsequent records review, it was determined that Ariel routinely exceeded the permitted coating usage limitation of 10 gallons per day found in permit-to-install (PTI) 01-08607, issued May 23, 2002, for emissions unit K003. Data supplied by Ariel indicated that there were at least 67 separate daily coating usage exceedances during the time period from February 2007 to March 2008.

Violation:

Failure to comply with the daily coating usage limitation for emissions unit K003 is considered a violation of the terms and conditions of PTI 01-08607 and OAC rule 3745-21-09(U)(2)(e)(iii). Violation of the terms and conditions of a permit-to-install is also considered a violation of Ohio Revised Code (ORC) 3704.05(C) which states:

> *"No person who is the holder of a permit issued under division (F) or (G) of section 3704.03 of the Revised Code shall violate any of its terms or conditions."*

Requested Action:

CDO requests that Ariel immediately comply with the terms and conditions of PTI 01-08607 and utilize no more than ten (10) gallons per day of coating in emissions unit K003.

5. Finding: Emissions unit K003 deviation reporting

During CDO's inspection and subsequent records review, it was determined that Ariel did not submit deviation reports required by PTI 01-08607, Section II.D.1. These reports were required to be submitted within forty-five (45) days of any daily record showing the use of more than the applicable maximum daily coating usage limit of 10 gallons per day.

Violation:

Failure to comply with a reporting requirement for emissions unit K003 is considered a violation of the terms and conditions of PTI 01-08607. Violation of the terms and conditions of a permit-to-install is also considered a violation of ORC 3704.05(C).

Requested Action:

CDO requests that Ariel immediately comply with the terms and conditions of PTI 01-08607, review existing monitoring data collected for emissions unit K003 for the prior two (2) calendar years (2007 and 2008), and report any deviations from coating usage limitations as required by PTI 01-08607 within thirty (30) days of receipt of this letter.

6. Finding: Emissions unit K003 recordkeeping and annual VOC emissions limitation.

During CDO's inspection and subsequent records review, it was determined that Ariel did not maintain records of the total volatile organic compounds (VOC) emissions rate for all coatings and cleanup materials in pounds per day as required by PTI 01-08607, Section II.C.1.d.

These VOC emissions records are required to be maintained on a daily basis, and utilized to demonstrate compliance with the annual emissions limitation for K003 of 7.48 tons per year. As a result, CDO cannot determine

compliance with this annual emission limitation due to the lack of available VOC emissions data.

Violation:

Failure to comply with the recordkeeping requirements of a permit-to-install is considered a violation of the terms and conditions of 01-08607. Violation of the terms and conditions of a permit-to-install is also considered a violation of ORC 3704.05(C).

Requested Action:

CDO requests that Ariel immediately comply with the terms and conditions of PTI 01-08607 and maintain daily records of VOC emissions, in pounds, from emissions unit K003, review existing monitoring data collected for emissions unit K003 for the prior two (2) calendar years (2007 and 2008), and report any deviations from total VOC annual emissions limitation as required by PTI 01-08607 within thirty (30) days of receipt of this letter.

CDO recognizes that Ariel utilizes primarily one coating in their process (Ariel Blue), but if any other coatings or cleanup materials were utilized in emissions unit K003, please record the information for these coatings as required in PTI 01-8607.

7. Finding: Emissions units K004, K005, K006, and K007 recordkeeping and annual reporting.

During CDO's inspection and subsequent records review, it was determined that Ariel did not maintain records of the following information for PTI 01-12066, issued August 1, 2006, for emissions units K004, K005, K006, and K007: daily VOC emissions from all coatings employed (A.1.III.2.d), total number of hours the emissions unit was in operation (A.1.III.2.f), and the average hourly VOC emissions from all coatings employed (A.1.III.2.g). Also during the review of facility records, Ariel failed to submit the required quarterly deviation reports (A.1.IV.3) and annual compliance report (A.1.IV.4).

These VOC emissions records are required to be maintained on a daily and annual basis, and utilized to demonstrate compliance with the permitted hourly and annual emissions limitations for K004, K005, K006, and K007. As a result, CDO cannot determine compliance with the hourly and annual

emission limitations due to the lack of available VOC emissions data.

Violation:

Failure to comply with the recordkeeping and reporting requirements of a permit-to-install is considered a violation of the terms and conditions of 01-12066. Violation of the terms and conditions of a permit-to-install is also considered a violation of ORC 3704.05(C).

Requested Action:

CDO requests that Ariel immediately comply with the terms and conditions of PTI 01-12066 and maintain the VOC records and submit the reports as required in PTI 01-12066 for emissions units K004, K005, K006 and K007.

In addition, CDO requests that Ariel compile and submit actual VOC and HAP emissions data from the installation date of each emissions units to December 31, 2008 in tons per year of VOC and HAPs. Please submit this data within thirty (30) days of receipt of this letter.

The following is a summary of requested items that CDO is requesting Ariel to submit:

Within thirty days, please submit Title V fee emissions reports for 2006 and 2007, facility-wide PTE analysis, emissions unit K003 coating usage deviation reports (if applicable), emissions unit K003 annual VOC emissions deviation reports (if applicable), and emissions units K004, K005, K006 and K007 annual VOC and HAP emissions data.

Within sixty days, please submit a surface coating MACT compliance plan and schedule.

Within ninety days, please submit: a PTI application, including modeling, emissions offsets and LAER evaluation (if applicable).

Within six months, please submit a complete Title V permit to operate application

Within 12 months of receipt of the compliance plan, please achieve compliance with the surface coating MACT.

Please recognize that the above Findings and Violations were discovered as part of Ariel Corporation's compliance evaluation. They were based upon observations and information reviewed for each emissions unit listed in the applicable permit-to-install.

Also, please note that Ohio Environmental Protection Agency has the authority to seek civil penalties as provided in section 3704.06 of the Ohio Revised Code (ORC). This letter or information submitted pursuant to this letter does not constitute a waiver of Ohio EPA's authority to seek civil penalties as provided in the ORC. The decision on whether or not to seek such penalties will be made by Ohio Environmental Protection Agency at a later date.

If you have any questions, please contact John McGreevy of my staff at (614) 728-3818.

Sincerely,

Kelly Toth

Kelly Toth
Supervisor, Permits and Compliance
Division of Air Pollution Control
Central District Office

Attachment Engineering Guide #67
Copy of OAC rule 3745-31-01
Copy of U.S. EPA "once in, always in" policy document
Copy of 40 CFR Part 63, Subpart MMMM
PTE guidance

c: Adam Ward, Manager, DAPC/CDO
John McGreevy, DAPC/CDO
John Paulian, DAPC/CO
Lisa Holscher, U.S. EPA

JM/KT/cl 10172008 NOV and info request