



John R. Kasich, Governor
Mary Taylor, Lt. Governor
Scott J. Nally, Director

July 1, 2013

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

**RE: AK Steel Corporation – Middletown, Ohio
Financial Record Review
OHD 004 234 480**

Dear Ms. Lewis:

On July 1, 2013, I conducted a financial record review of the AK Steel Corporation – Middletown, Ohio (AK Steel) facility. I evaluated the facility for compliance with the closure and post-closure care financial assurance, closure and post-closure cost estimates and liability requirements as set forth in Ohio Administrative Code (OAC) rules 3745-55-42 through 3745-55-47. Jess Stottsberry of Ohio EPA's Division of Drinking and Groundwater evaluated the Underground Injection Control cost estimate. [OAC rules 3745-34-36(D)(1)(c) and 3745-34-62]

To demonstrate financial assurance for closure and post-closure care, a trust agreement is used. The standby trust agreement was entered into July 9, 2004 by and between AK Steel and The Bank of New York Trust Company, N.A. (BNY) The Most recent statement of balance, provided by BNY, showed a current balance of \$619,600.10 on May 31, 2013. On April 1, 2013, Ohio EPA received cost estimates prepared by KEMRON Environmental Services, Inc. and Petrotek Engineering Corporation. On March 27, 2013, the cost estimates were adjusted 1.7% for inflation. The closure cost estimate was revised to a total of \$577,249 and the post-closure cost estimate was revised to a total of \$52,884. The combined estimates for closure and post-closure care are \$630,133.00

To demonstrate third party liability coverage, a Financial Test was included and signed by the Chief Financial Officer. The Financial Test satisfies the third-party liability requirements for both sudden and non-sudden accidental occurrences. The limits of liability are \$4,000,000 per occurrence and \$8,000,000 in the aggregate.

I found the following violations of Ohio's hazardous waste laws. In order to correct these violations you must do the following and send me the required information *immediately* upon of your receipt of this letter:

1. **OAC Rule 3745-55-43(A)(6), Must either increase amount of Trust Fund to Match the Current Closure Cost Estimate or Provide Alternate Financial Assurance:** Whenever the current closure cost estimate changes, the owner or operator must compare the new estimate with the trustee's most recent annual valuation of the trust fund. If the value of the fund is less than the amount of the new estimate, the owner or operator, within sixty days after the change in the cost estimate, must either deposit an amount into the fund so that its value after this deposit at least equals the amount of the current closure cost estimate, or obtain other financial assurance as specified in this rule to cover the difference.
2. **OAC Rule 3745-55-45(A)(6), Must either increase amount of Trust Fund to Match the Current Post-Closure Care Estimate or Provide Alternate Financial Assurance:** Whenever the current post-closure cost estimate changes during the operating life of the facility, the owner or operator must compare the new estimate with the trustee's most recent annual valuation of the trust fund. If the value of the fund is less than the amount of the new estimate, the owner or operator, within sixty days after the change in the cost estimate, must either deposit an amount into the fund so that its value after this deposit at least equals the amount of the current post-closure cost estimate, or obtain other financial assurance as specified in this rule to cover the difference.

On March 27, 2013, AK Steel increased the closure and post-closure care estimates to \$630,133.00 in accordance with OAC Rules 3745-55-42(B) and 3745-55-44(B). On May 31, 2013, Ohio EPA received a trust valuation statement from BNY listing the current balance as \$619,600.10. On July 1, 2013, I contacted BNY to obtain the most current balance, which continued to be \$619,600.10. AK Steel has failed to either increase the balance of the trust to \$630,133.00 or provide alternate financial assurance to cover the difference for the Middletown facility. The increase was required within sixty days after the change in the cost estimate, in this case, no later than May 27, 2013.

- AK Steel must immediately either deposit an amount into the trust fund so that its value after this deposit at least equals the current closure and post-closure cost estimates or obtain other financial assurance as specified in rules 3745-55-43 and 3745-55-45 to cover the difference.

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AK Steel Corporation – Middletown OH
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AK Steel needs to immediately take the necessary measures to return to compliance with Ohio's environmental laws. Within 14 days of receipt of this letter, AK Steel is requested to provide documentation to this office including the steps taken to abate the violations cited above. Documentation of steps taken to return to compliance includes written correspondence, updated policies, and photographs, as appropriate, and may be submitted via the postal service or electronically to Shawn.Sellers@epa.ohio.gov.

Please be advised that violations cited above will continue until the violations have been properly abated. Failure to comply with Chapter 3734. of the Ohio Revised Code and rules promulgated thereunder may result in a civil penalty of up to \$10,000 per day for each violation. It is imperative that you return to compliance. If circumstances delay the abatement of violations, AK Steel is requested to submit written correspondence of the steps that will be taken by date certain to attain compliance.

If you have any questions, please feel free to call me at (614) 644-2933 or email me at shawn.sellers@epa.ohio.gov.

Sincerely,



Shawn M. Sellers, P.E.
Engineering, Remediation, and Authorizations Section
Division of Materials and Waste Management

SMS/ljm

cc: Jess Stottsberry, UIC Unit Geologist, DDAGW-CO
Lindsay Taliaferro, Manager, DDAGW-CO

Notice:

Ohio EPA's failure to list specific deficiencies or violations in this letter does not relieve your company from having to comply with applicable regulations.