BEFORE THE ENVIRONMENTAL QUALITY COMMISSION

OF THE STATE OF OREGON

IN THE MATTER OF: HOLLINGSWORTH & VOSE FIBER COMPANY, a Delaware corporation.	)	MUTUAL AGREEMENT AND FINAL ORDER No. AQ/V-WR-15-132

WHEREAS:

1. On December 27, 1996, Hollingsworth & Vose Company (H&V) purchased a glass fiber manufacturing facility which is located at 1115 Crystal Lake Drive in Corvallis, Oregon (the Facility). The Facility was previously owned by Evanite Fiber Corporation (Evanite) which was the successor in interest to Evans Products Company (Evans). Under the ownership of H&V, the Company is now known as Hollingsworth & Vose Fiber Company (H&V Fiber).

2. The Facility is located in a designated attainment area for all regulated pollutants and is subject to DEQ's Prevention of Significant Deterioration (PSD) rules in OAR Chapter 340, Division 224 (formerly Division 28).

3. In 1995, Evanite applied for a construction permit for the addition of a second manufacturing building at the Facility (Plant 2). In that application, Evanite proposed the use of nitrogen oxide (NOx) and carbon monoxide (CO) emission factors for boilers in order to estimate fiberizer emissions. In order to avoid becoming a major source, Evanite requested a synthetic minor limit for NOx. As part of the 1995 application, Evanite demonstrated through modeling that the Facility's NOx emissions would not cause or contribute to an exceedance of the National Ambient Air Quality Standards or result in a PSD increment exceedance. Evanite also offset its particulate emissions with 90 tons of particulate (PM) and 65 tons of particulate with an aerodynamic diameter of less than or equal to 10 micrometers (PM_{10}) contemporaneous reductions at their adjoining hardboard plant, thus demonstrating that the project would result in a net air quality benefit. Subsection (d) of OAR 340-28-1940 *Prevention of Significant Deterioration Requirements for*

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Sources in Attainment orUnclassified Areas, as in effect in 1996, allowed sources to meet their modeling obligations by providing offsets resulting in a net air quality benefit.

4. The Facility's potential to emit gaseous fluorides was represented in the 1995 application as 2.8 tpy. Gaseous fluorides are emitted at the glass furnaces and at the fiberizer stations as the result of the volatilization of fluoride in the glass. In 1995, the derivation of the gaseous fluorides limit and the testing relied upon to establish the limit make clear that "gaseous fluorides" was viewed as synonymous with hydrogen fluoride (HF).

5. Fluorides, as that term is used in the federal and Oregon PSD programs, are defined as the inorganic fluoride compounds, excluding hydrogen fluoride, measured using EPA Method 13A or 13B.

6. On May 17, 1996, DEQ issued Evanite a minor source ACDP modification authorizing new construction and limiting NOx to 98 tpy, CO to 21 tpy and gaseous fluorides to 2.8 tpy.

7. No NOx, CO or Fluorides testing was required or performed since completion of construction of the plant expansion in 1998 until 2014.

8. In October and December 2014, H&V Fiber performed emission testing for Plant 1 for particulates, Fluorides, HF, CO and NOx. In February 2015, H&V Fiber performed emission testing for Plant 2 for particulates, Fluorides, HF, CO and NOx. Based on these source test results, in 2014, the Facility emitted 39 tons of particulate, 457 tons of CO, 27 tons of NOx, 0.2 tons of HF and 7.6 tons of Fluorides.

9. The 2014 and 2015 source test results indicate that the Facility's CO emissions currently exceed the Title V major source threshold of 100 tpy. It is likely that the Facility had the potential to emit 100 tpy or more of CO upon approval of the 1996 expansion and may have had the potential to emit more than 100 tpy of CO on the last Title V call-in date in November 1995.

10. The 2014 and 2015 source test results indicate that when Evanite submitted the 1995 expansion application, the Facility's potential CO emissions exceeded the PSD Federal Major Source threshold of 100 tpy. If prepared with the information known today, the application for the

1996 expansion would have requested CO and Fluorides plant site emission limits (PSELs) that exceeded the netting basis by a significant emission rate or more for both pollutants.

11. H&V Fiber estimates that its current maximum potential annual emissions with the existing equipment in place are approximately 50 tpy of PM (as compared to a PSEL of 72 tpy), 50 tpy of PM_{10} (as compared to a PSEL of 50 tpy), 554 tpy of CO (as compared to a PSEL of 99 tpy), 31 tpy of NOx (as compared to a PSEL of 98 tpy), and 0.2 tpy of HF and 9.3 tpy of Fluorides (as compared to a PSEL of 2 tpy).

12. Based upon the information H&V Fiber obtained by the 2014 and 2015 source tests, it appears that its predecessor, Evanite, failed to timely apply for a Title V permit for the Facility as required by OAR 340-218-0020. H&V Fiber has operated the Facility since its acquisition without a Title V permit, in violation of OAR 340-028-2200(2)(a) [currently numbered as 340-218-0120(2)(a)] and ORS 468A.045(1)(b).

13. Based upon the 2014 and 2015 source tests, Evanite failed to obtain a PSD permit for the Facility's CO and Fluorides emissions prior to commencing construction of the 1996 expansion. H&V Fiber has operated the Facility since its acquisition without a PSD permit in violation of OAR 340-028-1900(1) [currently numbered as 340-224-0010(6)] and ORS 468A.045(1)(b).

14. H&V Fiber will continue to operate in violation of the requirement to obtain a PSD permit and hold a Title V permit until such time that DEQ receives complete applications demonstrating that the Facility can operate in compliance with all applicable requirements and DEQ issues the required permits.

15. DEQ and H&V Fiber recognize that the Environmental Quality Commission has the authority to impose a civil penalty and to issue an abatement order for violations of Oregon environmental law. Therefore, pursuant to ORS 183.417(3(a) and (b), DEQ and H&V Fiber agree to settle past violations and to resolve alleged potential ongoing violations as described in Paragraphs 3 through 14 above, in advance, through this Mutual Agreement and Order (MAO).

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This MAO also establishes a compliance/corrective action schedule for H&V Fiber to obtain PSD and Title V permits.

16. By entering into this MAO, H&V Fiber neither admits nor denies the allegations related to or arising from any of the matters in this MAO.

NOW THEREFORE, it is stipulated and agreed that:

17. The Environmental Quality Commission shall issue a final order requiring that H&V Fiber:

a. Within seven days of executing this agreement, submit to DEQ for review and approval, a CO and Fluorides monitoring plan describing how H&V Fiber will monitor Facility CO and Fluorides emissions for compliance with the limits in Paragraph 17.e of this MAO.

b. By January 29, 2016, submit an application for a PSD permit. This deadline may be adjusted by DEQ if H&V Fiber demonstrates that additional time is necessary in order to prepare the PSD modeling report. H&V Fiber must submit a written request to DEQ requesting an extension. The extension is not granted until DEQ approves it in writing. The PSD application must consist, at a minimum, of the following elements:

i. An emissions inventory based on the 2014 and 2015 emissions testing and the requested Plant Site Emission Limits to be incorporated in the Permit.

ii. Ambient air quality modeling of any regulated pollutants that exceed PSD applicability thresholds and that are subject to ambient air quality standards;

iii. A complete BACT analysis for any pollutant that exceeds PSD thresholds.

iv. Ambient air quality modeling of hydrogen fluoride and Fluorides including a comparison of accepted risk-based chronic exposure thresholds to modeled concentrations at the nearest residences.

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v. A Fluorides control technology assessment for each emission point emitting Fluorides.

c. By June 1, 2016, conduct emission verification testing for PM, NOx, CO, VOCs, and Fluorides at representative emission points for rotary fine, rotary coarse and flame-blown processes. Rotary fine testing must be conducted twice and will occur on two separate days with a representative mix of grades being produced during testing.

d. No later than 180 days after DEQ issues the PSD permit, submit an application requesting that DEQ issue a Title V permit that reflects all applicable requirements including those in the PSD permit. If a petition for reconsideration of the PSD permit is submitted, this deadline will be extended to 180 days after DEQ completes its final action in response to the petition.

e. Must not emit more than 554 tons of CO nor more than 9.3 tons of Fluorides per rolling 12-month period after the date this MAO is fully executed and until DEQ issues H&V Fiber a PSD permit.

f. Until DEQ issues H&V Fiber a PSD permit, submit a quarterly emissions report for CO and Fluorides using the calculation methodology and emission factors in the monitoring plan required by Paragraph 17.a. The first report is due on January 30, 2016, for the fourth calendar quarter of 2015 (i.e., October 1 through December 31). Each subsequent report will be due on the 30th day after the end of the calendar quarter. Prior to DEQ completing its review and approval of the monitoring plan, H&V Fiber shall employ the monitoring plan as proposed. After DEQ completes its review and approval, H&V Fiber shall incorporate DEQ's comments and rely on the revised plan unless and until further revisions are submitted to and approved by DEQ.

g. Pay the past due Oregon Title V Program base and emission fees for invoice years 1997-2015 in the amount of $51,765, and Greenhouse Gas fees in the amount of $5,761 for invoice years 2010-2015 within 30 days of the date this MAO is fully executed. Payment must be made by check or money order made payable to the "Oregon Department of Environmental

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Quality" and sent to: Business Office, Department of Environmental Quality, 811 SW Sixth Avenue, Portland, Oregon 97204.

18. Requiring H&V Fiber to pay the following civil penalties:

a. A civil penalty in the amount of $156,000 for the alleged violations of DEQ's regulations described in Paragraphs 3 through 14 in the Recitals above.

b. A civil penalty in the amount of $26,742 which represents the economic benefit of delayed costs in applying for PSD and Title V permits, and for delayed payment of Title V base and emission fees and Greenhouse Gas fees.

c. The penalties in Paragraphs 18.a and 18.b above are due within 60 days of the date this MAO is fully executed. The total penalty amount may be decreased by an amount equal to that spent on one or more DEQ-approved Supplemental Environmental Projects (SEPs) approved prior to the payment deadline, such decrease not to exceed $146,194. Payment must be made by check or money order made payable to the "Oregon State Treasurer" and sent to: Business Office, Department of Environmental Quality, 811 SW Sixth Avenue, Portland, Oregon 97204. H&V Fiber must provide the documentation to DEQ specified in the SEP approval if H&V Fiber chooses to implement a SEP.

19. In the event the BACT analysis or the CO air quality analysis demonstrates the need for additional pollution controls or emission reductions, DEQ may assess additional civil penalties for the increased magnitude of the violation (OAR 340-012-0135(1)(b)), and for additional economic benefit for delayed costs to implement BACT or emission reductions. If H&V Fiber contests the additional civil penalties, the applicable procedures for conduct of contested cases in such matters will apply (ORS Chapter 183, OAR Chapter 340, Division 011 and OAR 137-003-0501 to 0700).

20. Requiring H&V Fiber, upon receipt of a written Penalty Demand Notice from DEQ, to pay the following civil penalties:

a. $250 for each day that H&V Fiber is late in providing to DEQ the quarterly CO and Fluorides emission report required by Paragraph 17.f;

b. $2,400 for each day that H&V Fiber violates any requirement of Paragraphs 17.a through 17.d of this MAO; and

c. $1,200 for each exceedance of each interim emission limit in Paragraph 17.e.

21. If any event occurs that is beyond H&V Fiber's reasonable control that causes or may cause a delay or deviation in performance of the requirements of this MAO, H&V Fiber must immediately notify DEQ verbally of the cause of delay or deviation and its anticipated duration, the measures that have been or will be taken to prevent or minimize the delay or deviation, and the timetable by which H&V Fiber proposes to carry out such measures. H&V Fiber must confirm in writing this information within five (5) working days of the onset of the event. It is H&V Fiber's responsibility in the written notification to demonstrate to DEQ's satisfaction that the delay or deviation has been or will be caused by circumstances beyond the reasonable control and despite due diligence of H&V Fiber. If H&V Fiber so demonstrates, DEQ will extend times of performance of related activities under this MAO as appropriate. Circumstances or events beyond H&V Fiber's control include, but are not limited to, acts of nature, unforeseen strikes, work stoppages, fires, explosion, riot, sabotage, or war. Increased cost of performance or consultant's failure to provide timely reports will not be considered circumstances beyond H&V Fiber's reasonable control. However, delay in DEQ approval of documents due to no act or omission of H&V Fiber's will be considered circumstances beyond H&V Fiber's control.

22. Regarding the violations and potential violations set forth in Paragraphs 3 through 14 in the Recitals above, which are expressly settled herein, H&V Fiber hereby waives any and all of its rights to any and all notices, a contested case hearing, judicial review, and to service of a copy of the final order herein. DEQ reserves the right to enforce this order through appropriate administrative and judicial proceedings.

23. DEQ and H&V Fiber may amend the terms of this MAO by mutual written agreement.

24. H&V Fiber agrees that this MAO shall be binding on H&V Fiber and its respective successors, agents, and assigns. The undersigned representative of H&V Fiber certifies that he or she is fully authorized to execute and bind H&V Fiber to this MAO. No change in ownership or corporate or partnership status relating to the Facility will, in any way, alter H&V Fiber's obligation under this MAO, unless otherwise approved in writing by DEQ.

25. All reports, notices and other communications required under or relating to this MAO should be sent to: Karen White-Fallon, DEQ Western Region Office, 4026 Fairview Industrial Drive SE, Salem, OR 97302. Alternatively, communications can be directed via email to White-Fallon.Karen@deq.state.or.us. The contact person for H&V is: Cindy Frost, 1115 SE Crystal Lake Drive, Corvallis, OR 97333. Alternatively, communications can be directed via email to Cindy.Frost@hovo.com.

26. H&V Fiber acknowledges that it has actual notice of the contents and requirements of this MAO and that failure to fulfill any of the requirements hereof will constitute a violation of this MAO and will subject H&V to payment of civil penalties.

27. Any stipulated civil penalty imposed pursuant to Paragraph 20 is due upon written demand. Stipulated civil penalties must be paid by check or money order made payable to the "State Treasurer, State of Oregon" and sent to: Business Office, Department of Environmental Quality, 811 SW Sixth Avenue, Portland, Oregon 97204. Within twenty (20) days of receipt of a "Demand for Payment of Stipulated Civil Penalty" Notice from the Department, H&V Fiber may request a hearing to contest the Demand Notice. At any such hearing, the issue will be limited to H&V Fiber's compliance or noncompliance with this MAO. The amount of each stipulated civil penalty for each violation and/or day of violation is established in advance by this MAO and will not be a contestable issue.

28. DEQ may amend the compliance schedule and conditions in this MAO upon finding that such modification is necessary because of changed circumstances or to protect public health and the environment. DEQ must provide H&V Fiber a minimum of thirty (30) days written notice prior to issuing an amended order modifying any compliance schedules or

conditions. If H&V Fiber contests the amended order, the applicable procedures for conduct of contested cases in such matters will apply.

29. This MAO will terminate at the time DEQ issues a Title V permit to H&V Fiber and H&V Fiber fully pays all penalties and fees required by Paragraphs 17.g, 18.a – 18.c, 19, 20 and 27 and completes all Supplemental Environmental Projects, if undertaken.

HOLLINGSWORTH & VOSE FIBER COMPANY

Kenneth B. Fausnacht

Date

Kenneth B. Fausnacht
President, Hollingsworth &Vose Fiber Company

DEPARTMENT OF ENVIRONMENTAL QUALITY

12/14/15

Leah K. Feldon

Date

Leah K. Feldon, Manager
Office of Compliance and Enforcement

FINAL ORDER

IT IS SO ORDERED:

ENVIRONMENTAL QUALITY COMMISSION

12/14/15

Leah K. Feldon

Date

Leah K. Feldon, Manager
Office of Compliance and Enforcement
on behalf of DEQ pursuant to OAR 340-012-0170
on behalf of the EQC pursuant to OAR 340-011-0505