BEFORE THE
OHIO ENVIRONMENTAL PROTECTION AGENCY

In the Matter of:
Ford Motor Company
Lima Engine Plant
1155 Bible Road
Lima, Ohio

PREAMBLE

It is agreed by the parties hereto as follows:

I. JURISDICTION

These Director's Final Findings of Fact and Orders are issued to Ford Motor Company, Lima Engine Plant ("Respondent"), pursuant to the authority vested in the Director of the Ohio Environmental Protection Agency ("Ohio EPA") under Ohio Revised Code ("ORC") §§ 3704.03 and 3745.01.

II. PARTIES BOUND

These Orders shall apply to and be binding upon Respondent and successors in interest liable under Ohio law. No change in ownership of the Respondent shall in any way alter Respondent's obligations under these Orders.

III. DEFINITIONS

Unless otherwise stated, all terms used in these Findings of Fact and Orders shall have the same meaning as used in ORC Chapter 3704 and the regulations promulgated thereunder.

IV. FINDINGS OF FACT

All of the findings necessary for the issuance of these Orders pursuant to ORC §§ 3704.03 and 3745.01 have been made and are outlined below. Nothing in the findings shall be considered to be an admission by Respondent of any matter of law or fact. The Director of Ohio EPA has determined the following findings:

1. Ford is a corporation duly organized under the laws of the State of Delaware, with offices located in Lima, Ohio, which owns and operates a plant at 1155 Bible Road in Lima,
2. Ford operates an engine production facility, and produces and tests internal combustion engines (four-, six- and eight-cylinder) for shipment to their automobile and truck assembly plants.

3. At the Lima, Ohio plant, Ford operates a 3.0 liter, V-6 engine, hot test stand (P026), which is an air contaminant source as defined by Ohio Administrative Code (OAC) 3745-15-01 and a "new source" as defined by OAC rule 3745-31-01.

4. On January 12, 2000, Ford submitted revised emission calculations for volatile organic compounds (VOC), carbon monoxide (CO) and nitrogen oxides (NOx) for P026. The calculations were submitted as part of an application to administratively modify permit to install (PTI) #03-2029, which was issued to Ford on March 6, 1985. These revised calculations were based on updated emission factors obtained through testing by the company at a different facility.

5. Review of the calculations by NWDO staff revealed that in the original PTI application that was submitted in December 1984, the company had significantly underestimated the emissions of VOC, CO, and NOx from P026 (see Table I below). Actual emissions from P026 exceed the permit allowable emissions included in PTI # 03-2029, in violation of ORC 3704.05 and the terms and conditions of PTI # 03-2029. Also, Ford was a major facility at the time P026 was installed, and it mistakenly avoided major new source review permitting requirements.

Table I - Allowable and Potential Emission Rates for Source P026

<table>
<thead>
<tr>
<th>Pollutant</th>
<th>Allowable emission limits in PTI # 03-2029</th>
<th>Potential to Emit (PTE) received as part of 4/27/2000 PTI application</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOC</td>
<td>0.6 lbs/hr</td>
<td>4.2 lbs/hr</td>
</tr>
<tr>
<td>CO</td>
<td>3.6 lbs/hr</td>
<td>29.5 lbs/hr</td>
</tr>
<tr>
<td>NOx</td>
<td>1.0 lbs/hr</td>
<td>2.8 lbs/hr</td>
</tr>
</tbody>
</table>
6. At the time that P026 was installed, Ford was classified as a major facility with a PTE for SO2 of greater 250 tons per year (TPY) for Prevention of Significant Deterioration (PSD) purposes. This determination was based on calculations for Ford's three identically sized, coal-fired boilers (B001, B002 and B003).

7. In 1996, as a result of emission testing at Ford's Cleveland Engine Plant #2, Ford became aware of significant VOC emissions from their engine test stands.

8. On July 9, 1996, representatives from Ford and Ohio EPA met to discuss the installation and use of flares to control VOC emissions from the engine test stands. As a

Table II - Actual Emission Rates for Source P026

<table>
<thead>
<tr>
<th>Year</th>
<th>VOC (tons)</th>
<th>VOC (lbs/hr)</th>
<th>CO (tons)</th>
<th>CO (lbs/hr)</th>
<th>NOx (tons)</th>
<th>NOx (lbs/hr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>3.2</td>
<td>0.73</td>
<td>3.7</td>
<td>0.84</td>
<td>0.3</td>
<td>0.07</td>
</tr>
<tr>
<td>1986</td>
<td>29.5</td>
<td>6.73</td>
<td>34.4</td>
<td>7.85</td>
<td>3.1</td>
<td>0.70</td>
</tr>
<tr>
<td>1987</td>
<td>34.4</td>
<td>7.85</td>
<td>40.2</td>
<td>9.17</td>
<td>3.7</td>
<td>0.84</td>
</tr>
<tr>
<td>1988</td>
<td>35.7</td>
<td>8.15</td>
<td>41.6</td>
<td>9.49</td>
<td>3.8</td>
<td>0.87</td>
</tr>
<tr>
<td>1989</td>
<td>33.0</td>
<td>7.53</td>
<td>38.6</td>
<td>8.81</td>
<td>3.5</td>
<td>0.79</td>
</tr>
<tr>
<td>1990</td>
<td>30.8</td>
<td>7.03</td>
<td>36.0</td>
<td>8.21</td>
<td>3.3</td>
<td>0.75</td>
</tr>
<tr>
<td>1991</td>
<td>31.8</td>
<td>7.26</td>
<td>37.0</td>
<td>8.47</td>
<td>3.4</td>
<td>0.77</td>
</tr>
<tr>
<td>1992</td>
<td>34.8</td>
<td>7.94</td>
<td>40.6</td>
<td>9.26</td>
<td>3.7</td>
<td>0.84</td>
</tr>
<tr>
<td>1993</td>
<td>34.5</td>
<td>7.87</td>
<td>40.2</td>
<td>9.17</td>
<td>3.7</td>
<td>0.84</td>
</tr>
<tr>
<td>1994</td>
<td>35.8</td>
<td>8.17</td>
<td>41.8</td>
<td>9.54</td>
<td>3.8</td>
<td>0.87</td>
</tr>
<tr>
<td>1995</td>
<td>32.9</td>
<td>7.51</td>
<td>38.4</td>
<td>8.76</td>
<td>3.5</td>
<td>0.79</td>
</tr>
<tr>
<td>1996</td>
<td>5.8</td>
<td>1.32</td>
<td>41.2</td>
<td>9.40</td>
<td>3.9</td>
<td>0.89</td>
</tr>
<tr>
<td>1997</td>
<td>5.7</td>
<td>1.30</td>
<td>40.4</td>
<td>9.22</td>
<td>3.8</td>
<td>0.87</td>
</tr>
<tr>
<td>1998</td>
<td>5.3</td>
<td>1.21</td>
<td>37.7</td>
<td>8.60</td>
<td>3.6</td>
<td>0.82</td>
</tr>
<tr>
<td>1999</td>
<td>5.6</td>
<td>1.27</td>
<td>39.9</td>
<td>9.1</td>
<td>3.8</td>
<td>0.87</td>
</tr>
</tbody>
</table>
result of the discussions at this meeting, on November 14, 1996, Ford proposed the installation of a flare for P026.

9. In February 1997, Ford installed an enclosed flare to control VOC emissions from P026. This enclosed flare constitutes best available technology (BAT). P026 had, therefore, been installed and operated without BAT, in violation of OAC rule 3745-31-05(A)(3). P026 was in violation from November 1984 until the date that the flare was installed.

10. Emissions calculations for P026 that were received by NWDO on April 6, 2000 and April 27, 2000 indicate that the actual emissions of VOC, CO and NOx have been less than the PSD significance levels since the time P026 was installed.

11. It has been determined that there is no inherent physical limitation for P026 that would prevent the operation of the emissions unit at 8760 hours per year; consequently, the PTEs for CO and VOC are greater than the PSD significance levels (greater than 100 TPY for CO, and greater than 40 TPY for VOC). Failure to obtain a PSD permit for these two pollutants also is a violation of 40 CFR 51.166(23)(i). This violation was ongoing from the time of installation of P026 until such time that Ford was issued either a synthetic minor PTI with BACT limitations or a PSD permit.

12. During a March 2, 2000 conference call, Ford was informed by NWDO that P026 had been installed without the proper control equipment and that the installation was done without obtaining a synthetic minor PTI or without going through a netting analysis. Consequently, they would be required to submit a BACT analysis.

13. On March 10, 2000, Ford was issued an Notice of Violation (NOV) for violations of the permit allowable limits for VOC, CO and NOx, for avoiding new source review requirements, and for installing of P026 without BACT. Ford submitted a written response to the NOV on April 4, 2000. In their response Ford explained that they had discovered previously unidentified VOC emissions from P026. Upon discovery of these sources, Ford installed an enclosed flare for emission control and indicated that they would submit a modified PTI application to resolve the issue.

14. On June 9, 2000, NWDO received a PTI application including a BACT analysis for P026. Ford was informed by letter dated June 22, 2000, that the BACT analysis was incomplete, and was requested to submit additional information, assembled in a format that follows the process detailed in USEPA's New Source Review Workshop Manual. On June 5, 2001, PTI # 03-13541 was issued for P026.
V. ORDERS

The Director hereby issues the following Orders:

1. Pursuant to R.C. 3704.06, Ford is assessed a civil penalty in the amount of two hundred and five thousand, two hundred eighty-eight dollars ($205,288) in settlement of Ohio EPA's claim for civil penalties. Within fourteen (14) days after the effective date of these Orders, Ford shall pay to Ohio EPA the amount of one hundred and two thousand, six hundred forty-four dollars ($102,644) of the total penalty amount. Payment shall be made by an official check made payable to "Treasurer, State of Ohio" and sent to Brenda Case, Fiscal Specialist, or her successor, at the following address:

Brenda Case  
Fiscal Administration  
Ohio Environmental Protection Agency  
P.O. Box 1049  
Columbus, OH 43216-1049

A copy of the check shall be sent to Jim Orlemann at the following address:

Division of Air Pollution Control  
Ohio Environmental Protection Agency  
P.O. Box 1049  
Columbus, OH 43216-1049

The remaining one hundred and two thousand, six hundred forty-four dollars ($102,644) shall be paid to fund a supplemental environmentally beneficial project. Specifically, within thirty (30) days after the effective date of these Orders, Ford shall deliver an official check in this amount and made payable to the Ohio Department of Natural Resources, Division of Forestry, State Forest Fund for the purpose of funding urban tree-planting projects in Ohio. This check shall specify that such monies are to be deposited into Fund No. 509. The check shall be sent to John Dorka, Deputy Chief, or his successor, at the following address:

Division of Forestry  
Ohio Department of Natural Resources  
1855 Fountain Square Court, H-1  
Columbus, Ohio 43224-1327
VI. TERMINATION

Respondent's obligations under these Orders shall terminate upon Ohio EPA's receipt of the official checks required by Section V. of these Orders.

VII. OTHER APPLICABLE LAWS

All actions required to be taken pursuant to these Orders shall be undertaken in accordance with the requirements of all applicable local, state and federal laws and regulations. These Orders do not waive or compromise the applicability and enforcement of any other statutes or regulations applicable to Ford's Lima facility.

VIII. OTHER CLAIMS

Nothing in these Orders shall constitute or be construed as a release from any claim, cause of action or demand in law or equity against any person, firm, partnership or corporation, not a party to these Orders, for any liability arising from, or related to the operation of Respondent's facility.

IX. MODIFICATIONS

These Orders may be modified by agreement of the parties hereto. Modifications shall be in writing and shall be effective on the date entered in the journal of the Director of Ohio EPA.

X. NOTICE

All documents required by these Orders, unless otherwise specified in writing, shall be submitted to:

Don Waltermeyer  
Division of Air Pollution Control  
Northwest District Office  
347 North Dunbridge Road  
Bowling Green, Ohio 43402

and to:

Ohio Environmental Protection Agency  
Division of Air Pollution Control  
P.O. Box 1049  
Columbus, OH 43216-1049  
Attn: Paul Cree
XI. RESERVATION OF RIGHTS

Ohio EPA and Respondent each reserve all rights, privileges and causes of action, except as specifically waived in Section XII of these Orders.

XII. WAIVER

In order to resolve disputed claims, without admission of fact, violation or liability, and in lieu of further enforcement action by Ohio EPA for only the violations specifically cited in these Orders, Respondent consents to the issuance of these Orders and agrees to comply with these Orders. Compliance with these Orders shall be a full accord and satisfaction for Respondent’s liability for the violations specifically cited herein.

Respondent hereby waives the right to appeal the issuance, terms and conditions, and service of these Orders, and Respondent hereby waives any and all rights Respondent may have to seek administrative or judicial review of these Orders either in law or equity.

Notwithstanding the preceding, Ohio EPA and Respondent agree that if these Orders are appealed by any other party to the Environmental Review Appeals Commission, or any court, Respondent retains the right to intervene and participate in such appeal. In such an event, Respondent shall continue to comply with these Orders notwithstanding such appeal and intervention unless these Orders are stayed, vacated or modified.

XIII. EFFECTIVE DATE

The effective date of these Orders is the date these Orders are entered into the Ohio EPA Director’s journal.

XIV. SIGNATORY AUTHORITY

Each undersigned representative of a party to these Orders certifies that he or she is fully authorized to enter into these Orders and to legally bind such party to these Orders.
IT IS SO ORDERED AND AGREED:

Ohio Environmental Protection Agency

Christopher Jones  
Director

9-30-02
Date

IT IS SO AGREED:

Ford Motor Company

Signature

9/24/02
Date

Thomas DeZure
Printed or Typed Name

Assistant Secretary
Title