



John R. Kasich, Governor
Mary Taylor, Lt. Governor
Craig W. Butler, Director

December 29, 2015

CERTIFIED MAIL

William C. Hittie, Jr.
President
The Imperial Electric Company
345 Sycamore Street
Middleport, Ohio 45760

Re: Final Findings and Orders for violations of
air pollution regulations at 345 Sycamore
Street in Middleport, Ohio.

Dear Mr. Hittie:

Transmitted herewith are the Final Findings and Orders ("Orders") of the Director of Ohio EPA concerning the above-referenced matter.

Please note that the effective date of the Orders is the date that the Orders were entered into the Ohio EPA Director's journal, which is the date that is stamped on the first page of the Orders.

Sincerely,



James Kavalec, Manager
Compliance/Enforcement Section
Division of Air Pollution Control

ec: James Lee, PIC
Stephan Feldmann, Legal Office
Muhammad Mereb/Lee Tullis/John Paulian, DAPC
Melisa Witherspoon/ Kim Reinbold, DAPC-SEDO

OHIO EPA
12/30/15

BEFORE THE
OHIO ENVIRONMENTAL PROTECTION AGENCY

In the Matter of:

The Imperial Electric Company : Director's Final Findings
345 Sycamore Street : and Orders
Middleport, Ohio 45760 :

I certify this to be a true and accurate copy of the official documents as filed in the records of the Ohio Environmental Protection Agency.

PREAMBLE

It is agreed by the parties hereto as follows:

By: Donna Cassler Date: 12-30-15

I. JURISDICTION

These Director's Final Findings and Orders ("Orders") are issued to The Imperial Electric Company ("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 Respondent or of the facility (as hereinafter defined) shall in any way alter Respondent's obligations under these Orders.

III. DEFINITIONS

Unless otherwise stated, all terms used in these Orders shall have the same meaning as defined in ORC Chapter 3704 and the rules promulgated thereunder.

IV. FINDINGS

The Director of Ohio EPA makes the following findings:

1. Respondent operates an electric motor manufacturing facility ("Facility") located at 345 Sycamore Street, Middleport, Meigs County, Ohio (facility ID: 0653000026). Emissions units K001 (surface coating operation) and K002 (varnish application operations) at the facility are the subject of these Orders. Both emission units were installed on January 1, 1968. Nidec Corporation completed the acquisition of Kinetek Group, Inc., Respondent's parent company, on November 2, 2012.

2. Emissions units K001 and K002 emit volatile organic compounds ("VOCs") and hazardous air pollutants ("HAPs"), as defined in Ohio Administrative Code ("OAC") Rules 3745-21-01(B)(17) and 3745-77-01(W), respectively. The VOCs and HAPs are defined as "air pollutants" or "air contaminants" in OAC Rule 3745-15-01(C). Additionally, these emissions units are "air contaminant sources" as defined in OAC Rules 3745-31-01(I).

3. OAC Rule 3745-31-01(BBBBB) defines potential-to-emit ("PTE") as the maximum capacity of an emissions unit or stationary source to emit an air pollutant under its physical and operational design. Any physical or operational limitation on the capacity of the emissions unit or stationary source to emit an air pollutant shall be treated as part of its design if the limitation or the effect it would have on emissions is federally enforceable or legally and practicably enforceable by the state.

4. OAC Rule 3745-77-01(X) states that a major source is a stationary source or group of stationary sources located within a contiguous area and under common control that emits or has the PTE, in the aggregate, 100 tons per year ("TPY") or more of any air pollutant, 10 TPY or more of any single HAP, 25 TPY or more of any combination of HAPs.

5. Ohio EPA Engineering Guide 61 ("EG #61"), states in part that inherent physical limitations can be considered as a true restriction for calculating the PTE for each regulated pollutant. Moreover, a very small emitting facility is presumed to have inherent physical limitations if the facility's actual emissions are below 20 percent of any major regulated pollutant threshold as identified in OAC Rule 3745-77-01(X).

6. OAC Rule 3745-77-02(B) states that major sources are subject to the permitting requirements of OAC Chapter 3745-77 (i.e., Title V program) unless otherwise exempt.

7. OAC Rule 3745-77-04(B) requires "existing" Title V sources (i.e., Title V subject sources who commenced operations prior to Ohio's Title V permit program approval date of October 1, 1995) located in Meigs County to submit initial Title V permit applications no later than 60 days after USEPA approves Ohio's Title V permit program (i.e., approved on October 1, 1995). Similarly, OAC Rule 3745-77-04(C) requires all initial Title V permit applications to be submitted no later than one year after the effective date of this rule (i.e. April 20, 1994). OAC Rule 3745-77-04(D) requires sources not subject to OAC Rule 3745-77-04(B) to submit a Title V permit application within twelve months after the source becomes subject to the Title V permit program.

8. On January 2, 2004, USEPA promulgated the Maximum Achievable Control Technology ("MACT") Standards for Miscellaneous Metal Parts Coating, 40 CFR Part 63, Subpart MMMM. 40 CFR 63.3881(b) applies to facilities that use 250 gallons per year, or more, of coatings that contain HAPs in the surface coating of

miscellaneous metal parts and products and are a major source, or are located at a major source, or are part of a major source of emissions of HAP. Pursuant to 40 CFR 63.3883(b), the compliance date for existing sources was January 2, 2007.

9. In a memorandum titled "Potential to Emit for MACT Standards - Guidance on Timing Issues," dated May 16, 1995, USEPA states that "facilities may switch to area source status [i.e., a minor HAP source] at any time until the first compliance date of the MACT standard." In other words, to avoid being classified as a major HAP source that is subject to the applicability of major source MACT standards, a federally enforceable permit with synthetic minor limits must be obtained before the first compliance date of the applicable MACT standard. This USEPA policy is referred to as the "Once-In-Always-In" ("OIAI") policy.

10. ORC § 3704.05(K) states that no person shall operate a source that is required to obtain a Title V permit unless a Title V permit has been issued authorizing operation of the source or 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.

11. ORC §3704.05(G) prohibits any person from violating any order, rule or determination of the Director of Ohio EPA issued, adopted, or made under ORC Chapter 3704. Any OAC rule identified in these Orders was adopted by the Director of Ohio EPA pursuant to ORC Chapter 3704.

12. Emissions units K001 and K002 were not subject to installation permit requirements because they were installed in 1968. Emissions units K001 and K002 were subject to operating permit requirements; however, they were placed in registration status in 1981 and 1976, respectively.

13. On September 5, 2014, Ohio EPA's Southeast District Office ("SEDO") received a permit-to-install and operate ("PTIO") application from Respondent for several emissions units at the facility including K001 and K002. Respondent stated that during a recent voluntary internal environmental review, discrepancies in the original PTE calculations were discovered regarding several emissions units. It was determined that an air permit would be required for emissions units K001 and K002 based on the new PTE calculations.

14. On November 19, 2014, Respondent submitted revised PTE calculations and proposed a reduced production capacity in order to avoid becoming a major stationary source.

15. In a letter dated December 4, 2014, SEDO informed Respondent that the facility may be considered a major stationary source and in violation of OAC Rule 3745-77-01(X)(1)(a) based on a review of the PTE calculations that were submitted with the

application. Specifically, the PTE calculations for xylene, a HAP pollutant, exceeded 10 tons per year. Respondent was also informed that if the facility is confirmed to be a major stationary source of HAP, then it will be subject to 40 CFR Part 63, Subpart M MMM. In addition, Respondent's request to get a synthetic minor permit with federally enforceable limitations was denied based on the OIAI policy because this option was not available for the facility after the first compliance date of January 2, 2007. Respondent was given the opportunity to reanalyze the facility's PTE for HAPs to determine if there were any "inherent limitations" that would reduce the PTE of HAPs to below the major source classification. Respondent was informed that the facility will not be considered a major source for HAP only if Respondent could submit either documentation of inherent physical limitation which restrict operation PTE for xylene to below than 10 TPY or operational records which demonstrate that the facility's actual emissions of xylene did not exceed 2 TPY (20 percent of the major pollutant threshold in accordance with Ohio EPA EG #61) in the past.

16. On January 30, 2015, Respondent submitted calculations which showed that the actual xylene emissions rate from the facility was 2.61 TPY in 2010. In accordance with EG #61, this finding disqualified the facility from claiming inherent physical limitations. In addition, because the PTE for xylene was greater than 10 TPY the facility was determined to be a major stationary source and it is an affected source subject to the MACT.

17. On March 19, 2015, SEDO sent a notice of violation ("NOV") letter to Respondent for the failure of Respondent to apply for and obtain a Title V operating permit for the facility, in violation of OAC rule 3745-77-02, and for the failure to comply with 40 CFR Part 63, Subpart M Requirements. Respondent was requested to submit to SEDO a complete Title V operating permit application, the initial notification report required by 40 CFR 63.3910, and a compliance plan.

18. On June 5, 2015, SEDO received the Title V permit application and Respondent's response to the NOV that included an evaluation of the compliance status of the existing coatings, thinners, and cleaners with 40 CFR Part 63, Subpart M MMM. Respondent stated that it selected the compliant material option under 40 CFR 63.3891(a) to meet the emission limits. This required Respondent to switch to alternative materials to comply with 40 CFR Part 63, Subpart M MMM. Respondent submitted the initial notification required under 40 CFR 63.3910 on June 19, 2015 and met the emission limits by using only complaint materials by July 31, 2015.

19. From December 1, 1995 to June 5, 2015, Respondent failed to submit a timely and complete Title V application, in violation of OAC Rule 3745-77-04(B) and ORC §§ 3704.05(G) and (J)(2). Respondent operated the facility since December 1, 1995 without a Title V permit or a timely filed and complete Title V permit application, in violation of OAC Rule 3745-77-02(A) and ORC §§ 3704.05(G) and (K). Respondent has

been in violation of OAC Rule 3745-78-02(A) since at least April 15, 1996 for failing to submit Title V fee emission reports each calendar year.

20. From January 2, 2005 to June 19, 2015, Respondent failed to comply with the initial notification requirements under 40 CFR 63.3910(b). From January 2, 2007 to July 31, 2015, Respondent failed to comply with the following MACT requirements: 40 CFR 63.3900(a)(1) (general requirements), 40 CFR 63.3930 and 63.3931 (recordkeeping), 40 CFR 63.3940, 63.3941 and 63.3942 (compliance demonstration). From February 1, 2008 to the present, Respondent has failed to comply with the notification of compliance status requirements under 40 CFR 63.3910(c). From July 31, 2008 to the present, Respondent has failed to comply with the requirements for semi-annual compliance reports, 40 CFR 63.3920(a).

21. From January 2, 2007 to July 31, 2015, Respondent failed to use compliant coatings (no more than 0.31 kg HAPs per liter coating solids) as required under 40 CFR 63.3890(b). DIMENSO topcoat contained 1.460 kg HAPs per liter coating solids, while Sterling varnish contained 0.630 kg HAPs per liter coating solids.

22. From January 2, 2007 to April 26, 2015, Respondent failed to use compliant cleaning materials and/or thinners (contains no organic HAPs) as required under 40 CFR 63.3891(a). The xylene cleaning solvent contained 100 percent organic HAPs.

23. The Director has given consideration to, and based his determination on, evidence relating to the technical feasibility and economic reasonableness of complying with the following Orders and their relation to benefits to the people of the State to be derived from such compliance.

V. ORDERS

The Director hereby issues the following Orders:

1. Within thirty (30) days after the effective date of these Orders, Respondent shall file Title V fee emission reports for calendar years 2007 through 2014 using Ohio EPA's eBusiness Center: Air Services and thereafter pay the fees in accordance with the invoices received from Ohio EPA.

2. By January 31, 2016, Respondent shall submit a notification of compliance status and a semi-annual compliance report demonstrating that for the period from August 1, 2015 to December 31, 2015, Respondent complied with the compliant material option under 40 CFR 63.3891(a).

3. Respondent shall pay the amount of seventeen thousand dollars (\$17,000) in settlement of Ohio EPA's claims for civil penalties, which may be assessed

pursuant to ORC Chapter 3704. Within thirty (30) days after the effective date of these Orders, payment to Ohio EPA shall be made by an official check made payable to "Treasurer, State of Ohio" for thirteen thousand and six hundred dollars (\$13,600) of the total amount (split to Funds 6960 and 6A10). The official check shall be submitted to Carol Butler, or her successor, together with a letter identifying the Respondent, to:

Ohio EPA
Office of Fiscal Administration
P.O. Box 1049
Columbus, Ohio 43216-1049

4. In lieu of paying the remaining three thousand and four hundred dollars (\$3,400) of the civil penalty, Respondent shall, within thirty (30) days of the effective date of these Orders, fund a Supplemental Environmental Project ("SEP") by making a contribution in the amount of \$3,400 to the Ohio EPA's Clean Diesel School Bus Program Fund (Fund 5CD0). Respondent shall tender an official check made payable to "Treasurer, State of Ohio" for \$3,400. The official check shall be submitted to Carol Butler, or her successor, together with a letter identifying Respondent and Fund 5CD0, to the above-stated address.

5. Should Respondent fail to fund the SEP within the required time frame set forth in Order 4, Respondent shall immediately pay to Ohio EPA \$3,400 of the civil penalty in accordance with the procedures in Order 3.

VI. TERMINATION

Respondent's obligations under these Orders shall terminate when Respondent certifies in writing and demonstrates to the satisfaction of Ohio EPA that Respondent has performed all obligations under these Orders, these obligations have been embedded in operation permits, and the Chief of Ohio EPA's Division of Air Pollution Control acknowledges, in writing, the termination of these Orders. If Ohio EPA does not agree that all obligations have been performed, then Ohio EPA will notify Respondent of the obligations that have not been performed, in which case Respondent shall have an opportunity to address any such deficiencies and seek termination as described above.

The certification shall contain the following attestation: "I certify that the information contained in or accompanying this certification is true, accurate and complete."

This certification shall be submitted by Respondent to Ohio EPA and shall be signed by a responsible official of Respondent. For purposes of these Orders, a responsible official is as defined in OAC Rule 3745-33-03(D)(1) for a corporation, or a corporate officer who is in charge of a principal business function of Respondent.

VII. 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, operations by Respondent.

VIII. 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 Respondent.

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 to be submitted by Respondent pursuant to these Orders shall be addressed to:

Ohio EPA
Southeast District Office
2195 Front Street
Logan, Ohio 43138
Attention: Melisa Witherspoon

and to:

Ohio EPA
Division of Air Pollution Control
P.O. Box 1049
Columbus, Ohio 43216-1049
Attention: Jim Kavalec

or to such persons and addresses as may hereafter be otherwise specified in writing by Ohio EPA.

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

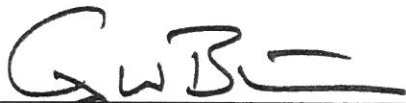
The effective date of these Orders is the date these Orders are entered into the Ohio EPA Director's journal.

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.

ORDERED AND AGREED:

Ohio Environmental Protection Agency



Craig W. Butler
Director

12/24/15
Date

AGREED:

The Imperial Electric Company



Signature

Dec 11, 2015
Date

William C. Hittre Jr
Printed or Typed Name

President
Title