BEFORE THE

OHIO E.P.A

OHIO ENVIRONMENTAL PROTECTION AGENCY

MAY 26 2005

ENTERED DIRECTOR'S JOURNAL

In the Matter of:

Viking-Worthington Steel Enterprise, LLC 804 Steel Drive Valley City, Ohio 44280	: : :	Director's Final Findings and Orders

PREAMBLE

It is agreed by the parties hereto as follows:

I. JURISDICTION

These Director's Final Findings and Orders ("Orders") are issued to Viking-Worthington Steel Enterprise, LLC ("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 or of Respondent's facility as hereinafter identified 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 has determined the following findings:

1. Respondent owns and operates a steel processing facility, which is identified by Ohio EPA as facility ID 1652000030 and is located at 804 Steel Drive, Valley City (Medina County), Ohio. Respondent was formed on July 8, 2003, as a joint venture between Viking Industries Inc. and Worthington Steel, a Worthington Industries Company. Respondent purchased the assets of the former Valley City Steel, which included the facility at 804 Steel Drive, Valley City, Ohio, and which filed for bankruptcy in November 2002.

A copy of this document is filed in the Ohio Environmental Protection Agency.
By [illegible] Date 5-26-05

2. At the facility, Respondent employs two hydrochloric acid ("HCl") pickling lines, which are identified by Ohio EPA as emissions units P001 and P002. The lines clean and remove oxidation from rolled steel and apply a rust preventative oil to the steel prior to rerolling. Also, Respondent employs a HCl regeneration facility, which is identified by Ohio EPA as emissions unit P003, to recycle spent pickle liquor. Emissions units P001, P002, and P003 emit HCl emissions and are each an "air containment source," as defined in OAC Rule 3745-15-01(C) and (W). Also, the rust preventive oil application in emissions units P001 and P002 emit volatile organic compounds ("VOCs"), as defined in OAC Rule 3745-21-01(B)(6).

3. Emissions unit P001, a 65 tons per hour HCl pickling line with rust preventative oil application, was installed in 1977 pursuant to PTI # 16-059, issued on June 1, 1977 to Valley City Steel. HCl emissions are controlled with a wet scrubber. Emissions unit P002, a 150 ton per hour HCl pickling line with rust preventive oil application, was installed by November 27, 1995 pursuant to PTI # 16-1483 issued on September 27, 1995 to Valley City Steel. This PTI was a synthetic minor permit that contained federally enforceable restrictions to limit potential HCl emissions to below Title V permit applicability thresholds. HCl emissions from emissions unit P002 are controlled by another wet scrubber.

4. Permit to operate ("PTO") applications were submitted by Valley City Steel to the Akron Regional Air Quality Management District ("ARAQMD") on November 16, 1995, for emissions units P001 and P002. PTOs for emissions units P001 and P002 were issued on April 3, 1997 and July 31, 2001, respectively. The PTO for emissions unit P001 expired on April 13, 2002, and the PTO for emissions unit P002 will expire on July 31, 2006.

5. OAC Rule 3745-77-01(W)(1) states, in part, that a major source of air pollutants is defined as any stationary source that emits, or has the potential to emit, 10 tons per year or more of any hazardous air pollutant ("HAP"), or 25 tons per year or more of any combination of HAPs, or 100 tons per year or more of any pollutant.

6. OAC Rule 3745-77-02 identifies any source meeting the definition of "major source," as defined in OAC Rule 3745-77-01(W), as a Title V source and, as such, subject to the requirements of OAC Chapter 3745-77. This rule prohibits the operation of a Title V source without the timely filing of a complete Title V permit application or possessing a Title V permit.

7. OAC Rule 3745-77-04 specifies the dates by which sources required to obtain a Title V permit shall submit a timely application. Notwithstanding the deadlines in OAC Rule 3745-77-04(B), OAC Rule 3745-77-04(D) specifies that a Title V application shall be submitted within twelve months after a source becomes subject to the Title V permit program.

8. ORC § 3704.05(G) states, in part, that no person shall violate any order, rule, or determination of the Director issued, adopted, or made under ORC Chapter 3704.

9. ORC § 3704.05(J)(2) states, in part, that no person shall violate any applicable requirement of a Title V permit or any permit condition, except for an emergency as defined in Chapter 40 of the Code of Federal Regulations ("40 CFR") 70.6(g), or any filing requirement of the Title V permit program.

10. ORC § 3704.05(K) states, in part, that on or after the three hundred and sixty-sixth day following USEPA's final approval of Ohio EPA's Title V permit program, no person shall operate any source that is required to obtain a Title V permit without first obtaining a Title V permit, or submitting to Ohio EPA a timely and complete application for a Title V permit.

11. On July 17, 2003, ARAQMD sent a Notice of Violation ("NOV") letter to Valley City Steel to address the results of a stack test performed at the facility on May 19, 2003. The results indicated that HCl emissions from the scrubber for emissions unit P001 were 0.21 pound per hour. According to the PTO issued on April 3, 1997, the limitation for HCl was 0.09 pound per hour. The letter requested Valley City Steel to submit documentation that the actual emissions of HCl never exceeded 10 tons per year from 1997 to present. Additionally, the letter requested Valley City Steel to submit a new federally enforceable state operating permit ("FESOP") application along with a detailed FESOP analysis of how the facility-wide emissions will be kept below 10 tons of HCl per year. The exceedance of the HCl emission limitation was a violation of ORC § 3704.05(C).

12. In a letter dated July 24, 2003, Respondent informed ARAQMD that, during an environmental review of its operations, it discovered the rust preventative oil used on the finished steel products contained a significant amount of VOC. A VOC content of 3.9 pounds per gallon and annual VOC emissions of 98.4 tons were reported.

13. On August 4, 2003, ARAQMD sent a response letter to the Respondent as a follow up to a July 30, 2003 meeting. The letter indicated VOC emissions from the application of rust preventative oil could trigger Title V permit requirements and, therefore, Respondent needed to obtain either a Title V permit, FESOP or synthetic minor PTI. Also, the letter notified the Respondent that the following information needed to be submitted in writing no later than August 22, 2003:

a) Rust preventive oil usage history dating back to 1994 that includes coating and emissions data for each coating material employed.

b) A tentative plan for permitting the facility either as a Title V, synthetic minor PTI, or FESOP.

c) A plan and schedule for the submittal of PTI modification applications to increase hourly and annual HCl emission limits for P001 and P002 to correct the emission violation identified in Finding 11.

d) Revised actual and potential HCl emission estimates including fugitive emissions and emissions from exempt sources.

14. On August 13, 2003, the Respondent submitted the information requested in the August 4, 2003 letter from ARAQMD. Upon review of the material submitted, ARAQMD sent a response letter dated September 3, 2003, stating the Respondent's PTE for VOCs exceeded "major source" thresholds as defined in OAC Rule 3745-77-01(W). The addition of a second pickling line triggered Title V requirements due to the increase in potential VOC emissions from 95 to 223 tons per year. Per OAC Rule 3745-77-04(D), a Title V application was required to be submitted within 12 months after the facility became subject to the Title V permit program, resulting in a December 31, 1997 or earlier application deadline in this instance.

15. In ARAQMD's September 3, 2003 letter, it was noted that Respondent had not either submitted a Title V permit application or obtained a synthetic minor PTI with terms and conditions restricting facility emissions to levels less than the Title V applicability thresholds, in violation of OAC Rule 3745-77-02(A) and ORC § 3704.05(G) and (K). The synthetic minor PTI application submitted on August 20, 2003 was processed and issued final on November 28, 2003, at which time the Title V requirements were no longer applicable to the facility. ARAQMD requested that Respondent respond to the September 3, 2003 letter by November 15, 2003.

16. On September 3, 2003, ARAQMD sent a NOV letter to Respondent indicating that the potential to emit for VOC emissions exceeded the Title V applicability threshold sometime during calendar year 1996 and that Respondent was, therefore, required to submit a Title V permit application or avoid Title V requirements by obtaining a synthetic minor PTI by not later than December 31, 1997. ARAQMD cited Respondent with violating OAC Rules 3745-77-02(A) and 3745-78-02(A), for operating a Title V source without a Title V permit application and for failure to file Title V fee emission reports. The letter requested the submission of a plan and schedule by no later than November 15, 2003 for filing past due Title V fee emission reports and payment of fees.

17. On December 12, 2003, ARAQMD informed the Respondent that the facility was required to submit Title V fee reports for reporting years 1997 through 2002. On September 23, 2004, the Respondent replied to the letter dated December 12, 2003 form ARAQMD.

18. OAC Rule 3745-21-11 requires, in part, any facility located in Medina County that emits, or has the potential to emit, 100 tons or more of VOC emissions during any calendar year after 1982 from sources for which the requirements of OAC Rule 3745-21-09 do not apply, to conduct a detailed engineering study to determine the technical and economic feasibility of reducing the VOC emissions from the source at the facility for which the requirements of OAC Rule 3745-21-09 do not apply [i.e., reasonably available control technology ("RACT") study].

19. This facility exceeded a potential to emit of 100 tons or more of VOC emissions during the 1996 calendar year from emissions units P001 and P002 for which the requirements of OAC Rule 3745-21-09 do not apply. Pursuant to OAC Rule 3745-21-11(E), a RACT study was required to be submitted to Ohio EPA by no later than one year following the calendar year of 1996 during which the facility had the potential to emit in excess of 100 tons of VOC. No RACT study was submitted by the former owner of the facility or Respondent, in violation of OAC Rule 3745-21-11 and ORC § 3704.05(G).

20. Based on the above Findings, the Director of Ohio EPA finds that Respondent violated the following OAC rules and ORC laws:

a. OAC Rule 3745-77-02(A) and ORC § 3704.05(G) and (K), for operating a Title V source, as defined in OAC Rule 3745-77-01(W), without timely applying for or possessing a Title V permit;

b. OAC Rule 3745-77-04(D) and ORC § 3704.05(G) and (J)(2), for failing to file a Title V permit application within 12 months after becoming subject to the Title V permit program; and

c. OAC Rule 3745-21-11 and ORC § 3704.05(G), for failing to submit a RACT study within 12 months following the calendar year during which the facility had the potential to emit in excess of 100 tons of VOC.

21. On November 28, 2003, Respondent obtained a Federally Enforceable State Operating Permit for all applicable sources at the facility, and thus is not required to file for a Title V permit while processing such permit unless as otherwise specified by law or rule.

22. 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. Pursuant to ORC § 3704.06, Respondent is assessed a civil penalty in the amount of twelve thousand eight hundred dollars ($12,800) in settlement of Ohio EPA's claims for civil penalties. Within fourteen (14) days after the effective date of these Orders, Respondent shall pay Ohio EPA the amount of three thousand two hundred dollars ($3,200) of the total penalty amount. Payment shall be made by an official check made payable to "Treasurer, State of Ohio" for $3,200. The official check shall be submitted to Brenda Case, 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

A copy of the check shall be sent to James A. Orlemann, Assistant Chief, SIP Development and Enforcement, or his successor, at the follow address:

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

2. In lieu of paying the remaining nine thousand six hundred dollars ($9,600) of the civil penalty, Respondent shall fund the supplemental environmental project ("SEP") identified in Order 3 and the penalty credit projects identified in Order 4. Of the $9,600, $2,560 shall be used to fund the project in Order 3, and $7,040 shall be used to fund the projects in Order 4. In the event Respondent defaults or otherwise fails to complete any of the projects as specified in Orders 3 and 4, the $2,560 for the project in Order 3 and/or the $7,040 for the projects in Order 4, whichever is (are) applicable, shall immediately become due and payable to Ohio EPA. Such payment shall be made by an official check made payable to "Treasurer, State of Ohio" and sent to Brenda Case, or her successor, together with a letter identifying the Respondent, to the above-stated address. A copy of the check shall be sent to James A. Orlemann, or his successor, at the above-stated address.

3. Respondent shall fund a SEP by making a contribution in the amount of two thousand five hundred and sixty dollars ($2,560) to Ohio EPA's fund for the Clean Diesel School Bus Program. Respondent shall make payment within thirty (30) days after the effective date of these Orders (but not earlier than July 1, 2005) by an official check made payable to "Treasurer, State of Ohio" for $2,560. The official check shall specify that such monies are to be deposited into the fund established by Ohio EPA for the Clean Diesel School Bus Program. The official check shall be submitted to Brenda Case, or her successor, together with a letter identifying the Respondent, to the above-stated address. A copy of this check also shall be sent to James A. Orlemann, or his successor, at the above-stated address.

4. Respondent shall implement the following penalty credit projects at its facility located at 804 Steel Drive, Valley City, Ohio, and shall spend at least seven thousand and forty dollars ($7,040) on these projects:

Project #1 (Secondary Scrubber): Within seven (7) months after the effective date of these Orders, Respondent shall add a second packed tower fume scrubber in series with the current scrubber for emissions unit P002 (i.e., Pickle Line #2) to further reduce HCl acid fumes entering the atmosphere by approximately 65 percent. Also, this will remove HCl acid that would normally go to the municipal wastewater treatment plant, since it will allow Respondent to concentrate the recirculating liquid to a concentration that can be recycled to the pickling process. It is estimated that this project will result in the reduction of at least 0.35 ton of HCl emissions per year as well as reduce the amount of total dissolved solids to be sent to wastewater treatment by 20 percent. Ohio EPA will provide a credit of $4,990 from the civil penalty for the satisfactory completion of this project. Respondent estimates that the installation cost of this project will be $50,000. The second fume scrubber shall be operated and maintained thereafter.

Project #2 (New Covers): Within four (4) months after the effective date of these Orders, Respondent shall purchase and install new replacement covers on the roll areas of emissions unit P002 line to reduce the amount of fugitive HCl acid emissions. The new covers will be designed to better seal the areas above and around the rubber squeeze rolls. It is estimated that this project will reduce VOC emissions by 0.1 ton per year. Ohio EPA will provide a credit of $350 from the civil penalty for the satisfactory completion of this project. Respondent estimates that the installation cost of this project will be $14,000. The roll covers shall be operated and maintained thereafter.

Project #3 (Upgrade Load and Unload Facilities): Within six (6) months after the effective date of these Orders, Respondent shall upgrade its HCl acid and spent acid loading and unloading facilities to allow for additional truck traffic and for all of the material to be recycled and lead to the shutdown of the regeneration facility, which emits HCl acid into the atmosphere. The material will be converted to ferric chloride that can be used at wastewater treatment plants. It is estimated that this project will reduce HCl emissions by 0.34 ton per year. Ohio EPA will provide a credit of $1,700 from the civil penalty for the satisfactory completion of this project. The installation cost for this project has not yet been determined. Respondent shall operate and maintain thereafter the new process for disposal of spent acid.

5. Respondent shall submit reports to Ohio EPA and ARAQMD within thirty (30) days after completion of each of the above projects in Order 4 that indicate when each project was completed.

6. Respondent may terminate any of the projects identified in Order 4 by payment to Ohio EPA of the full amount of credit given to the project(s) to be terminated as specified in Order 4.

7. Respondent may terminate a SEP or a portion of a SEP identified in Order 4, without penalty, by the permanent shutdown of the equipment upon which such SEP or portion of such SEP is employed. Furthermore, Respondent may terminate a SEP or portion of a SEP identified in Order 4, without penalty, when any modification of the equipment upon which such SEP or portion of such SEP is employed, results in a equivalent emission reduction as that provided by the SEP or portion of the SEP.

8. Within four (4) months after the effective date of these Orders, Respondent shall submit a complete and approvable RACT study for the facility pursuant to the requirements of OAC Rule 3745-21-11.

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 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 the person authorized to sign in OAC Rule 3745-35-02(B)(1) for a corporation or a duly authorized representative of Respondent as that term is defined in the above-

referenced rule.

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, the operation of Respondent's facility.

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 the 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:

Akron Regional Air Quality Management District
Suite 904
146 South High Street
Akron, Ohio 44308
Attn: Laura Miracle, Air Quality Engineer

and to:

Ohio Environmental Protection Agency
Lazarus Government Center
Division of Air Pollution Control
P.O. Box 1049
Columbus, Ohio 43216-1049
Attention: Thomas Kalman, Manager, Enforcement Section

or 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 the 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 the 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 an 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

Joseph P. Koncelik
Director

5/25/05
Date

IT IS SO AGREED:

Viking-Worthington Steel Enterprise, LLC

Signature

5-17-05
Date

ROBERT HENDERSON
Printed or Typed Name

PRESIDENT
Title