

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY
OFFICE OF THE DIRECTOR

In the matter of administrative proceedings
against **MICHIGAN SUGAR COMPANY**, a
corporation organized under the laws of the
State of Michigan and doing business at
159 South Howard Avenue in the City of
Croswell, County of Sanilac, State of
Michigan

AQD No. 2019-11

SRN: B2876

STIPULATION FOR ENTRY OF FINAL ORDER
BY CONSENT

This proceeding resulted from allegations by the Michigan Department of Environment, Great Lakes, and Energy (EGLE), Air Quality Division (AQD) against Michigan Sugar Company (Company), a corporation organized under the laws of the State of Michigan and doing business at 159 South Howard Avenue in the City of Croswell, County of Sanilac, State of Michigan, with State Registration Number (SRN) B2876 (Croswell Facility). EGLE alleges that the Company is in violation of the following: Standards of Performance for Industrial-Commercial-Institutional Steam Generating Units, 40 Code of Federal Regulations Part 60, Appendix F and Subpart Db; Part 55, Air Pollution Control, of the Natural Resources and Environmental Protection Act, MCL 324.5501 *et seq.* and the administrative rules promulgated thereunder; and the conditions of Permit to Install (PTI) No. 21-15B. Specifically, EGLE alleges that the Company failed to continuously monitor nitrogen oxides emissions and failed to perform required quarterly Quality Assurance on the No.4 Riley natural gas-fired boiler (EU-RILEYBLR), as cited herein and in the Violation Notice dated October 17, 2018. The Company and EGLE stipulate to the termination of this proceeding by entry of this Stipulation for Entry of a Final Order by Consent (Consent Order).

The Company and EGLE stipulate as follows:

1. The Natural Resources and Environmental Protection Act (NREPA), MCL 324.101 *et seq.*, is an act that controls pollution to protect the environment and natural resources in this State.
2. Article II, Pollution Control, Part 55 of the NREPA (Part 55), MCL 324.5501 *et seq.*, provides for air pollution control regulations in this State.

3. EGLE was created as a principal department within the Executive Branch of the State of Michigan pursuant to Executive Order 2019-06 and has all statutory authority, powers, duties, functions and responsibilities to administer and enforce all provisions of Part 55.

4. The EGLE Director has delegated authority to the Director of the AQD (AQD Director) to enter into this Consent Order.

5. The termination of this matter by a Consent Order pursuant to Section 5528 of Part 55, MCL 324.5528, is proper and acceptable.

6. The Company and EGLE agree that the signing of this Consent Order is for settlement purposes only and does not constitute an admission by the Company that the law has been violated or of any of the allegations set forth herein.

7. This Consent Order becomes effective on the date of execution (effective date of this Consent Order) by the AQD Director.

8. The Company shall achieve compliance with the aforementioned regulations in accordance with the requirements contained in this Consent Order.

COMPLIANCE PROGRAM AND IMPLEMENTATION SCHEDULE

9. On and after the effective date of this Consent Order, the Company shall operate the continuous emission monitoring system (CEMS) of the No. 4 Riley Boiler in accordance with PTI No. 21-15B.

10. A. Within thirty (30) days after the effective date of this Consent Order, the Company shall submit a Quality Assurance (QA) manual to the AQD Technical Programs Unit Supervisor for review and approval. The QA manual should include the following:

1. A list of individuals responsible for maintaining and monitoring the CEMS and their duties;
2. Daily, weekly, monthly, and quarterly CEMS check lists;
3. A procedure for responding to a failed daily calibration;
4. System alarms and procedures for responding to the alarms;
5. A list of repair and replacement parts to be maintained on site; and

6. A system of documenting system maintenance, downtime, manual calibrations, analyzer adjustments, repairs, cylinder gas replacement, and the individual responsible to perform the documentation.

B. The QA manual shall take effect upon written approval from the AQD Technical Programs Unit Supervisor or 60 days after submittal, whichever is earlier. If within sixty (60) days of submittal of the QA manual the AQD Technical Programs Unit Supervisor provides written notice that the QA manual is not adequate for its stated purposes, the Company shall resubmit the QA manual to address the deficiency within thirty (30) days of the deficiency notice.

C. Upon approval of the QA manual, it shall be incorporated by reference into this Consent Order and shall be made an enforceable part of this Consent Order. The Company shall implement the QA manual as approved and maintain the records and procedures demonstrating that the QA manual is being implemented according to its terms and conditions. Any subsequent revision to the QA manual shall be incorporated by reference into this Consent Order and shall be made an enforceable part of this Consent Order.

GENERAL PROVISIONS

11. This Consent Order in no way affects the Company's responsibility to comply with any other applicable state, federal, or local laws or regulations, including without limitation, any amendments to the federal Clean Air Act, 42 USC 7401 *et seq.*, Part 55, or their rules and regulations, or to the State Implementation Plan.

12. This Consent Order constitutes a civil settlement and satisfaction as to the resolution of the violations specifically addressed herein; however, it does not resolve any criminal action that may result from these same violations.

13. Within thirty (30) days after the effective date of this Consent Order, the Company shall pay to the General Fund of the State of Michigan, in the form of a check made payable to the "State of Michigan" and mailed to the Michigan Department of Environment, Great Lakes, and Energy, Accounting Services Division, Cashier's Office, P.O. Box 30657, Lansing, Michigan 48909-8157, a settlement amount of \$39,960.00, which includes AQD costs for investigation and enforcement. This total settlement amount shall be paid within thirty (30) days after the effective date of this Consent Order. To ensure proper credit, all payments made pursuant to this Consent

Order shall include the "Payment Identification Number AQD40216" on the front of the check and/or in the cover letter with the payment. This settlement amount is in addition to any fees, taxes, or other fines that may be imposed on the Company by law.

14. On and after the date of this Consent Order, if the Company fails to comply with paragraphs 9 or 10, the Company is subject to a stipulated fine of up to \$2,000.00 per violation per day. The amount of the stipulated fines imposed pursuant to this paragraph shall be within the discretion of EGLE. Stipulated fines submitted under this Consent Order shall be made by check, payable to the State of Michigan within thirty (30) days after written demand and shall be mailed to the Michigan Department of Environment, Great Lakes, and Energy, Accounting Services Division, Cashier's Office, P.O. Box 30657, Lansing, Michigan 48909-8157. To ensure proper credit, all payments shall include the "Payment Identification Number AQD40216-S" on the front of the check and/or in the cover letter with the payment. Payment of stipulated fines shall not alter or modify in any way the Company's obligation to comply with the terms and conditions of this Consent Order.

15. The AQD, at its discretion, may seek stipulated fines or statutory fines for any violation of this Consent Order which is also a violation of any provision of applicable federal and state law, rule, regulation, permit, or EGLE administrative order. However, the AQD is precluded from seeking both a stipulated fine under this Consent Order and a statutory fine for the same violation.

16. If the Company fails to pay any part of the settlement amount assessed in paragraph 13 or any stipulated fines assessed pursuant to paragraph 14 under this Consent Order by the due date, the Company shall pay a late payment penalty of \$50.00 per day for each day that the settlement amount or stipulated fines are past due.

17. The Company agrees not to contest the legal basis for the settlement amount assessed pursuant to paragraph 13. The Company also agrees not to contest the legal basis for any stipulated fines assessed pursuant to paragraph 14 of this Consent Order but reserves the right to dispute in a court of competent jurisdiction the factual basis upon which a demand by EGLE of stipulated fines is made. In addition, the Company agrees that said fines have not been assessed by EGLE pursuant to Section 5529 of Part 55, MCL 324.5529, and therefore are not reviewable under Section 5529 of Part 55.

18. This compliance program is not a variance subject to the 12-month limitation specified in Section 5538 of Part 55, MCL 324.5538.

19. This Consent Order shall remain in full force and effect for a period of at least two (2) years. Thereafter, this Consent Order shall terminate only upon written notice of termination issued by the AQD Director. Prior to issuance of a written notice of termination, the Company shall submit a request, to the AQD Director at the Michigan Department of Environment, Great Lakes, and Energy, Air Quality Division, P.O. Box 30260, Lansing, Michigan 48909-7760, consisting of a written certification that the Company has fully complied with all the requirements of this Consent Order and has made all payments including all stipulated fines required by this Consent Order. Specifically, this certification shall include: (i) the date of compliance with each provision of the compliance program and the date any payments or stipulated fines were paid; (ii) a statement that all required information has been reported to the AQD Saginaw Bay District Supervisor; (iii) confirmation that all records required to be maintained pursuant to this Consent Order are being maintained at the Croswell Facility; and, (iv) such information as may be requested by the AQD Director.

20. In the event Michigan Sugar Company sells or transfers the Croswell Facility, it shall advise any purchaser or transferee of the existence of this Consent Order in connection with such sale or transfer. Within thirty (30) calendar days, the Company shall also notify the AQD Saginaw Bay District Supervisor, in writing, of such sale or transfer, the identity and address of any purchaser or transferee, and confirm the fact that notice of this Consent Order has been given to the purchaser and/or transferee. As a condition of the sale, Michigan Sugar Company must obtain the consent of the purchaser and/or transferee, in writing, to assume all of the obligations of this Consent Order. A copy of that agreement shall be forwarded to the AQD Saginaw Bay District Supervisor within thirty (30) days after assuming the obligations of this Consent Order.

21. Prior to the effective date of this Consent Order and pursuant to the requirements of Sections 5511 and 5528(3) of Part 55, MCL 324.5511 and MCL 5528(3), the public was notified of a 30-day public comment period and was provided the opportunity for a public hearing.

22. Section 5530 of Part 55, MCL 324.5530, may serve as a source of authority but not a limitation under which this Consent Order may be enforced. Further, Part 17 of the NREPA,

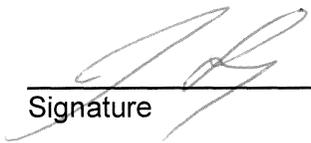
MCL 324.1701 *et seq.*, and all other applicable laws and any other legal basis or applicable statute may be used to enforce this Consent Order.

23. The Company hereby stipulates that entry of this Consent Order is a result of an action by EGLE to resolve alleged violations of its Croswell Facility located at 159 South Howard Avenue, Croswell, Sanilac County, Michigan. The Company further stipulates that it will take all lawful actions necessary to fully comply with this Consent Order, even if the Company files for bankruptcy in the future. The Company will not seek discharge of the settlement amount and any stipulated fines imposed hereunder in any future bankruptcy proceedings, and the Company will take necessary steps to ensure that the settlement amount and any future stipulated fines are not discharged. The Company, during and after any future bankruptcy proceedings, will ensure that the settlement amount and any future stipulated fines remain an obligation to be paid in full by the Company to the extent allowed by applicable bankruptcy law.

The undersigned certifies that he/she is fully authorized by the Company to enter into this Consent Order and to execute and legally bind the Company to it.

MICHIGAN SUGAR COMPANY

JASON LOWRY, Vice President of Operations
Print Name and Title


Signature

5-20-19
Date

The above signatory subscribed and sworn to before me this 20th day of May, 2019.


Notary Public Signature

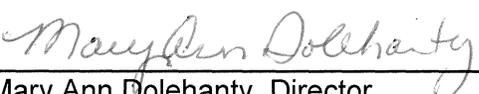
Julie Kay Perry, Notary Public
State of Michigan, County of Saginaw
My commission expires: 04/25/2023
Acting in Bay County

Notary Public Printed Name

My Commission Expires: _____

Approved as to Content:

Approved as to Form:


Mary Ann Dolehanty, Director
AIR QUALITY DIVISION
DEPARTMENT OF
ENVIRONMENT, GREAT LAKES,
AND ENERGY


Neil Gordon, Section Head
ENVIRONMENTAL REGULATION SECTION
ENVIRONMENT, NATURAL RESOURCES,
AND AGRICULTURE DIVISION
DEPARTMENT OF ATTORNEY GENERAL

Dated: 5/30/19

Dated: 5/29/2019

FINAL ORDER

The Director of the Air Quality Division having had opportunity to review this Consent Order and having been delegated authority to enter into Consent Orders by the Director of the Michigan Department of Environment, Great Lakes, and Energy pursuant to the provisions of Part 55 of the NREPA and otherwise being fully advised on the premises,

HAS HEREBY ORDERED that this Consent Order is approved and shall be entered in the record of EGLE as a Final Order.

MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY



Mary Ann Dolehanty, Director
Air Quality Division

Effective Date: 5/30/19