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August 20, 2018

VIA E-MAIL AND U.S. MAIL

Mr. Mike Kovalchick
Sr. Environmental Engineer
Michigan Department of Environmental Quality (MDEQ)
301 East Louis Glick Highway
Jackson, MI 49201-1556

Re: Submission of Compliance Plan and Resolution of Gerdau MacSteel
Jackson, SRN: B4306, Jackson County

Dear Mr. Kovalchick:

I am writing this letter on behalf of our client, Gerdau Special Steel, N. A. (Jackson Plant). It was a pleasure meeting you last Tuesday, August 14th at the MDEQ Lansing Offices. As agreed during the meeting, the purpose of this letter is to submit a compliance plan to address the above referenced SRN alleged violation 1(of 5).

Alleged violation 1 stated that four (4) outdoor torch cutting stations, each equipped with multiple torch cutting torches, needed a permit to install (PTI). Gerdau has determined that a PTI is not a viable option for the Jackson Plant and therefore they have been evaluating options for emissions control. Over the next few months, Gerdau will be assessing at least 4 pollution control options to determine which option is best and will provide a selected option to MDEQ by November 15, 2018. By March 31, 2019, Gerdau will have designed, installed and have full operation of the selected option and notified MDEQ of same. In the event none of the options are viable for the Jackson facility, Gerdau will cease torch cutting activity at the Jackson facility by March 31, 2019.

As confirmed during our August 14 meeting, the remaining 4 alleged violations were adequately addressed in Gerdau's July 19, 2018 which we have been enclosed herein for reference. Consequently, per our discussion, all of the alleged violations have been adequately addressed.

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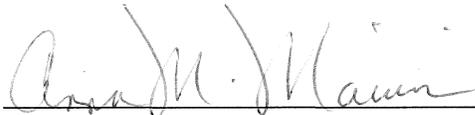
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AIR QUALITY DIVISION

Mr. Mike Kovalchick
August 20, 2018
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If you have any questions or are in need of anything further, please do not hesitate to ask. We have appreciated your prompt attention and cooperation with the resolution of this matter.

Very truly yours,
Dickinson Wright PLLC

By: 
Anna M. Maiuri
Member

Enclosure

cc: Mr. Scott Miller, Jackson District Supervisor, MDEQ
Mr. Jeff Rathbun, Enforcement, MDEQ
Mr. Darrel Moore, Vice President/General Manager for MI and IN, Gerdau
Mr. John Skelley, Corporate Environmental Affairs Manager, Gerdau
Mr. Craig Metzger, Regional Environmental Manager for MI and IN, Gerdau

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July 19, 2018

Via Email and First Class Mail

Mr. Mike Kovalchick
Sr. Environmental Engineer
Air Quality Division
Michigan Department of Environmental Quality (MDEQ)
301 East Louis Glick Highway
Jackson, MI 49201-1556

Re: GerdaU MacSteel Jackson, SRN: B4306, Monroe County

Dear Mr. Kovalchick:

The purpose of this letter is to respond to your June 13, 2018 Violation Notice letter. For ease of reference, we have included the 5 observations in your letter and provided GerdaU's responses below.

Observation 1:

Four (4) outdoor torch cutting stations each equipped with multiple torch cutting torches. Rule 201. No permit to install. (PTI) Currently, there are no permit exemptions that this process would qualify for.

GerdaU Response:

GerdaU has been conducting torch cutting operations since at least 2008 and believes it has been operating under an exemption. GerdaU understands that either it will need to reevaluate whether it complies with any permit exemptions and, if not, GerdaU will need to apply for a permit to install. To make this determination, GerdaU will need to conduct research on the issue. GerdaU will complete a 3 month study of this issue for the GerdaU torch cutting operation. At the end of the study, GerdaU will contact the MDEQ via letter with its conclusions at that time. . We do not consider this an on-going violation at this time.

Observation 2:

Steel slag handling process. Rule 310. Open burning. Wooden pallets, plastics and other trash generated from the Melt Shop are being disposed of in slag that is moved out of the facility and left to burn on the ground.

GerdaU Response 2:

GerdaU realizes that some of our personnel have not been following GerdaU protocol concerning waste disposal. GerdaU will hold a training session in August 2018 with our associates and remind them of the rules and GerdaU procedures for waste disposal. This is not an on-going violation.

Observation 3:

Operation of an EAF without ventilation system operating properly. EAF control room pulpit computer printout showed that the tap damper and center damper associated with the canopy hood collection system for EAF #2 were closed. Per Meltshop Air Pollution Control System Evaluation Preliminary Report dated January 29, 2016, indicated that proper operation requires that canopy dampers resulted in excess opacity exiting the building via the Caster roof monitor style vent located on the roof of the Melt Shop.

Gerdau Response 3:

As you may know, in accordance with a Consent Decree that has been negotiated and is pending execution by EPA, Gerdau is in the process of addressing this issue by closing the Caster Roof Monitor and installing a new bag house. As part of the Consent Decree, under "Interim Measures", paragraph 9a is entitled "Dampers". This paragraph describes how the dampers will operate to optimize capture during the interim period while the bag house is being constructed. Gerdau is in the process of implementing those adjustments.

Please be advised that the referenced report is labeled as "preliminary". GCT made recommendations on pages 22 and 23 of the report to further evaluate the system for adjustments. Many adjustments were made after January 2016 to optimize capture and determine what damper settings would be used to be enforceable as an interim measure in the Consent Decree. However, it was ultimately decided that the best comprehensive solution was closure of the roof monitor and installation of a new baghouse. Gerdau has committed to complete the roof monitor closure, installation and operation of the new baghouse by September 1, 2018. This is not an on-going violation.

Observation 4:

Two (2) electric arc furnaces (EAFs), a ladle metallurgy furnace, and a vacuum arc degasser. It also includes baghouse DV-BH03. Requires that the stack test report shall include, at a minimum, the mercury concentration of the raw material feed (carbon, coal, coke, line, etc.) as provided by the supplier. A review of the last required stack test report from 2014 showed that it did not contain that information.

Gerdau Response 4:

The report for the 2014 stack test did not include the mercury concentration of the raw material feed stock as required in the Gerdau Jackson ROP. After reviewing the information from that test date, the feed stock did not contain mercury. Gerdau will submit a revised stack test report for the 2014 stack test in August 2018 containing the safety data sheets for the feedstock materials. This is not an on-going violation.

Observation 5:

Condition VI.4 requires the permittee to conduct non-certified visible emission reading(s) for FG-EAF/LMF/VAD from DV-BH-3 especially during charging at least once per operating day. The intent of

this condition it to look for opacity when the most smoke is being generated from the EAF's. Staff discussed this issue with the EAF operators. They indicated that for each melt there are 2 charges. The first charge goes into an empty EAF chamber (no initial steel "heat" is used). Significant smoke isn't generated until the second charge with new scrap metal being added to the partially melted metal already in the EAF. It is during the second charge when the most smoke is generated. Baghouse inspection records from a previous January 24, 2018 inspection suggest that smoke is not read for at least ten minutes after charging takes place based on using a charging light located near the EAF main bag house as a cue to take readings. This suggests that opacity readings are not taken during EAF charging and not taken when the maximum amount of smoke is being generated.

Gerdau Response 5:

Gerdau does not agree that this is a violation. The permit condition only states that "[d]uring times of operation, the permittee shall conduct non-certified visible emission reading(s) for FG-EAF/LMF/VAD from DV-BH03 especially during charging at least once per operating day." Gerdau has been conducting visible emissions in accordance with the permit condition. However, to address DEQ's concern, we will adjust our protocol to obtain the reading during the second charge. Gerdau expects that this permit condition may be revised in its 2019 ROP renewal. This is not an on-going violation.

Thank you for your cooperation in resolving these issues. If you have any questions, please do not hesitate to contact me.

Very truly yours,



Craig Metzger
Regional Environmental Manager
Gerdau Special Steel – MI and IN Operations

Cc: Mr. Scott Miller, DEQ
Ms. Mary Ann Dolehanty, DEQ
Mr. Craig Fitzner, DEQ
Mr. Chris Ethridge, DEQ
Mr. Malcolm Mead-O'Brien, DEQ
Ms. Jenine Camilleri, DEQ