nexteer AUTOMOTIVE

October 24, 2013

Via Hand Delivery

Mr. Ben Witkopp
Environmental Engineer
MDEQ/Air Quality Division
Saginaw Bay District Office
401 Ketchum Street, Suite B
Bay City, MI 48708

RE: Response to Violation Notice – Dated October 4, 2013
ROP No. MI-ROP-A6175-2009; SRN: A6175

Dear Mr. Witkopp:

This letter is Nexteer Automotive Corporation's ("Nexteer") response to the October 4, 2013 Violation Notice (the "VN") that Nexteer received from Mr. Ben Witkopp regarding the Michigan Department of Environmental Quality's September 26, 2013 field inspection.

Nexteer was notified of two alleged violations for two processes involving EUBR02 (Boiler 2) and EGPC08 (Iron Phosphate Coating System). This letter contains Nexteer's corrective and preventative actions for compliance in accordance with the Violation Notice. By submitting this response, Nexteer makes no admission of law or fact or liability with respect to any allegation in the VN. Nexteer submits this letter to cooperate with the requests in the VN and to show Nexteer's prompt compliance with the conditions identified in the VN.

1. **Cause and Duration of Violations**

Emission Unit	Cause	Dates of Occurrence
EUBR02 – Boiler #2	Emissions were calculated incorrectly using multiple emission factors. Condition VI.2	1/1/2013 – 9/27/2013
EUPC08 - Iron Phosphate Coating System (Karstcoater)	Scrubber B – one water flow gauge did not have a needle indicator. Scrubber D – one flow indicator was reading 0 though some flow was evident. Condition IV.1	9/26/13 – 10/23/13

During records review, MDEQ-AQD discovered that the 12-month rolling time period for NOx emissions for Boiler #2 was calculated incorrectly by using multiple emissions factors. The cause of this violation was due to Nexteer not properly updating the MAERS NOx emission factor used to calculate the Boiler #2 NOx emissions.

During the site inspection of Plant 4, the liquid flow indicators for two of the wet scrubbers attached to the Karstcoater were found to be inoperable. The water flow gauge on Scrubber B was missing the needle indicator, and flow indicator on Scrubber D was reading 0 with evident flow through the scrubber.

2. Whether Violations are Ongoing

The day after the site inspection, Nexteer modified the incorrect 12-month rolling time period NOx emissions spreadsheet for Boiler #2. This violation is **not** ongoing.

New flow indicators have been purchased and were installed on October 23, 2013. This violation is **not** ongoing. Photographs of the new flow indicators are attached.

3. Corrective Actions Taken

Corrections for the Boiler #2 violation were completed on September 27, 2013. Nexteer updated the NOx Emission Calculation spreadsheet for Boiler #2 to use the correct MAERS emission factor of 100lbs NOx/mmcf. A copy of the revised spreadsheet is attached. The spreadsheet has been modified to show all gas used per month, conversion factors, the correct MAERS emissions factor and resulting NOx emissions in tons for each month's calculation of the 12-month rolling time period. It also includes a summary table which compares our natural gas usage and monthly NOx emissions to their corresponding permit limits. Even with previous use of incorrect MAERS emissions factors (factors were too high), the total natural gas used and NOx emissions calculated were well below the limits listed in our ROP.

The Maintenance Supervisor and Plant Engineer for Plant 4 were contacted on September 30, 2013, and again on October 7, 2013 (after receipt of the Violation Notice), to begin replacement of the inoperable indicators. Specifications for the gauges were verified and the gauges were ordered. Replacement of the indicators was completed on October 23, 2013. Photographs of the new flow indicators are attached.

4. **Steps to Prevent Reoccurrence**

Use of the revised NOx Emission Calculation spreadsheet, with the expanded listing of all usage data, conversion factors and emission factors used to calculate the NOx emissions, will provide for an easy visual check of the mathematical calculations. Calculations will also be checked on a monthly basis by Nexteer.

Revisions to the Preventative Maintenance (PM) Task Log Sheet for Scrubbers B and D of the Karstcoater will require that the flow indicator is actually read and a number entered onto the sheet. To guide the tradesman reading the gauge, a control range will be listed on the PM Task Log Sheet as an indicator to verify if the flow is in the proper operating range. If the flow is out-of-range, a line item listed on the PM Task Log Sheet will direct the tradesman to report the out-of-range flow to the Maintenance Supervisor. A Work Order will be issued to determine the cause of the out-of-range reading and to take corrective actions to bring the reading back into the proper operating range. Details of this expanded process will be added to the Malfunction Abatement Plan per the MDEQ-AQD's request.

5. **Revisions to Malfunction Abatement Plan**

Nexteer appreciates the MDEQ-AQD's request to revise our Malfunction Abatement Plan (MAP) to rectify issues with the lack of liquid flow indicators on certain wet scrubbers. The major steps to the MAP revision and estimated timelines for completion are listed below:

Task Number	Task	Owner	Timeline (Weeks)	% Completed	Date Completed/ Scheduled to be Completed
1	Determine Equipment with Liquid Flow Indicator Requirements	Env Eng	0.5	100	10/7/2013
2	Verify Equipment with existing Indicators	Env Eng/ Plant Eng	0.5	100	10/7/2013
2a	Equipment is Operational	Env Eng/ Plant Eng	0.5	100	10/9/2013
2b	Equipment is Not Operational	Env Eng/ Plant Eng	0.5	100	10/9/2013
2b-1	Repair/Replace Not Operational Indicators (Karstcoater)	Maintenance	3	100	10/23/2013
3	Develop List of Equipment Needing Flow Indicator Installation	Env Eng	0.5	100	10/11/2013

4	Determine proper Control and Operating Ranges	Plant Eng/ Manufacturers	4		11/8/2013
5	Revise PM Task Log Sheets for Equipment with operational liquid flow indicators (Karstcoater, etc.) and begin use	PM Coordinators	1		11/14/2013
6	Spec Flow Indicators and Purchase (may have long lead times from vendors)	Plant Eng/ Manufacturers	4		11/8/2013
7	Receive Flow Indicators	Plant Eng/ Manufacturers	4		12/6/2013
8	Verify calibration of flow indicators	Plant Eng			12/6/2013
9	Install Flow Indicators	Plant Eng/ Contractor	4		1/14/2014
10	Interim Status Report – Verification that purchase and installation of additional flow indicators was completed	Env Eng	1		1/21/2014
11	Verify proper Control and Operating ranges to meet current plant operations and conditions	Plant Eng	2		1/28/2014
12	Revise PM Task Log Sheets for Equipment with newly installed flow indicators and begin use	PM Coordinators	1		1/31/2014
13	Create PM Task for Annual Calibration/Verification of Pressure Gauges and Liquid Flow Indicators	Plant Eng/ Contractor			Annually
14	Final Status Report and submit Revised MAP to MDEQ-AQD	Env Eng	4		**2/7/2014**

Verification of Tasks Number 1 through 3 is attached. This timeline has been developed to incorporate the additional time required to receive the flow indicators from vendors due to the Thanksgiving and Christmas Holidays.

If you have any questions about this response, please contact Dominic DeCarlo at 989-757-5987 or at Dominic.Decarlo@nexteer.com. Thank you for assisting us with our compliance efforts.

Sincerely,

24 OCT 13

Douglas Owenby
Vice President
Nexteer Automotive

Attachments

Cc: Dan Dralle, Executive Director - Saginaw Division Operations
Jill Dralle, Manager - Plant 4
Steve Baird, Manager - Saginaw Site Maintenance
Richard Harris, Manager – Facilities, Environmental, Utilities and Real Estate
Kim Bostek, Supervisor - Environmental Engineering
Dominic DeCarlo, Environmental Engineer
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