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DECORATIVE PANELS  
INTERNATIONAL

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July 8, 2014

Mr. William J. Rogers, Jr.  
Environmental Quality Analyst  
MDEQ Air Quality Division  
2100 West M-32  
Gaylord, Michigan 49735

Re: Violation Notice dated June 24, 2014:  
Decorative Panels International Inc. – Alpena Hardboard Mill,  
Renewable Operating Permit No. MI-ROP-B1476-2009b

Dear Mr. Rogers:

We are responding to the Violation Notice (“VN”) dated June 24, 2014, issued to Decorative Panels International (“DPI” or “the Company”) by the Michigan Department of Environmental Quality (“MDEQ”). The VN alleges that the April 11, 2014 air emission test results from #1 Press/Biofilter show a violation of our above-referenced Renewable Operating Permit (“ROP”) and the federal regulation known as *National Emission Standards for Hazardous Air Pollutants: Plywood and Composite Wood Products*, 40 CFR Part 63, Subpart DDDD (hereafter “Wood MACT”).

This response is submitted timely before the July 11, 2014 due date. As requested by the VN, this written response addresses the alleged violation, provides a summary of the corrective actions that have been taken by DPI, and identifies steps being taken to prevent any possible reoccurrence. In the interim, DPI reserves all defenses, claims, and rights regarding this VN’s allegations.

As you are aware, DPI received a “Finding of Violation” dated April 1, 2014 from the U.S. Environmental Protection Agency (“EPA”) Region V for alleged violations of the Wood MACT, the NESHAP General Provisions at 40 CFR Part 63, Subpart A, and conditions of its Renewable Operating Permit MI-ROP-B1476-2009b. DPI met with EPA staff in an informal settlement conference on May 12, 2014 to discuss the alleged violations and to present corrective actions. DPI has communicated status updates to the EPA since that meeting and the parties continue settlement negotiations with regard to the Finding of Violation.

As a response and attempt to amicably resolve the VN, DPI is providing this submission to the MDEQ, and therefore nothing contained herein should be deemed an admission of liability. Additionally, as DPI’s investigation of these alleged violations is ongoing, the Company may need to supplement this response if additional information becomes available.

In regards to the April 11, 2014 air emissions test results for the #1 Press/Biofilter, DPI’s investigation and review of the Biofilter system during the testing indicates that the associated emission control equipment was operating in compliance with the Preventive Maintenance/Malfunction Abatement Plans (“PM/MAP”). A request was made, and you approved, before the test started to conduct a test outside of

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the normal temperature range to be able to expand the allowable temperature range. The steam valve was turned off prior to testing but the Biofilter beds did not cool sufficiently for this to be performed.

Immediately following the air emissions testing, DPI again contacted Dr. Yonghua Yang of Envirogen Technologies, Inc. Dr. Yang was first contacted in 2013 but was unable to schedule a visit to DPI until April 23 - 24, 2014. His review of the system provided some structural and operating recommendations to enhance the performance of the Biofilter. Listed below are corrective actions taken by DPI to implement Dr. Yang's recommendations and resolve this ROP compliance concern:

1. Install new stainless steel baffles in each media bed - construction and installation was completed on June 7, 2014.
2. Add 1 ½' of additional bark media to each bed and install it to slope away from the inlet end - bark installation was completed on June 8, 2014.
3. Evaluate a means to collect and test a bed drainage water sample; until an engineered solution is found to collect a sample, the bottom covers are being removed and a sample is being collected manually from the drainage water.
4. Inspect and patch cracks in the concrete roof panels - completed on June 9, 2014.
5. Confirmed air flow balance between the six media beds - May 19, 2014
6. Continue evaluating updates to operations, monitoring, and maintenance plans: for example, nutrients and pH are being tested on a weekly basis; sodium hydroxide and a fertilizer are being added as necessary; power washing the ductwork during maintenance down days is being performed to keep the ducts clean; and the Company is also evaluating potential compliance monitoring methods to gauge the Biofilter performance between stack tests.

Bureau Veritas is scheduled to conduct compliance testing on the #1 Press/Biofilter on July 18, 2014. Notice of this testing was provided to the MDEQ on June 18, 2014.

In summary, following the April 11, 2014 test, DPI acted promptly to consult a biofilter expert and implement his recommendations. DPI is confident that the corrective actions taken have improved the performance of the #1 Biofilter and will be confirmed with the scheduled July 18, 2014 compliance test.

We remain willing to discuss amicable resolution of any of these issues, and are committed to compliance with our permit and related regulatory requirements. If you have any questions regarding any of the above, please don't hesitate to contact me. We will keep you advised of further developments.

Sincerely,  
Decorative Panels International, Inc.



Dennis A. Werblow  
Director Environmental and Quality

Cc: Tim Clark, DPI  
Ken Gembel, DPI  
Tammi VanTil, Madison Consulting  
Charles Denton, Barnes & Thornburg  
Janis Denman, MDEQ