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June 18, 2021

Ms. Becky Radulski
Senior Environmental Engineer
EGLE Air Quality Division
2100 West M-32
Gaylord, Michigan 49735

Re: Violation Notice dated June 3, 2021
Decorative Panels International Inc. – Alpena Hardboard Mill

Dear Ms. Radulski:

We are responding to the Violation Notice (“VN”) dated June 3, 2021 issued to Decorative Panels International (“DPI” or “the Company”) by the Michigan Department of Environment, Great Lakes, and Energy (“EGLE”). The VN states that EGLE observed alleged violations of Rule 901. Please provide a copy of the underlying citizens’ complaints and EGLE’s investigation materials you have mentioned.

The VN states the alleged violations occurred from May 28 through June 2, 2021 for the Rule 901 complaints. As requested by the VN, this written response addresses the dates of the alleged violations, explains possible causes and durations, explains whether the alleged violations are ongoing, provides a summary of the corrective actions that have been taken and are being taken by DPI, and identifies steps being taken to prevent a reoccurrence of this alleged circumstance.

DPI submits this information under a full reservation of its rights, claims, and defenses. DPI is providing this submission as a response to amicably resolve alleged violations; however it should not be deemed as an admission of liability.

Process Description:	“Manure odor from wet sludge pile”
Alleged Rule/Permit Condition Violated:	“Rule 901”
Alleged Violation/Comment:	“Distinct and definite objectionable manure odor observed at Ford Avenue and Hamilton Street”

As you are aware, DPI has been attempting to mitigate the production of wet sludge since the fall of 2020. Although DPI is doing everything it its power to address the wet sludge issue, there have been certain circumstances beyond DPI’s control that led to an increased volume of sludge accumulation (and resulting odor complaints) since the fall of last year (i.e., the cause of the “manure odor”), including:

- APB/GranBio, which operated the wastewater treatment plant (WWTP) at the facility, unexpectedly shuttered its operations in April 2020, purportedly because of the COVID-19 pandemic. APB/GranBio used the sugars in DPI’s wastewater to make agricultural molasses. APB/GranBio’s sugar-rendering process reduced the amount of sludge produced at the facility from about 10 to 15 tons per day to 5 tons per day. As a result, when APB/GranBio shut down

and DPI was forced to take over operation of the WWTP in April 2020, wet sludge production increased because APB/GranBio was no longer in business to remove the sugar from DPI wastewater.

- When DPI took over WWTP plant operations in April 2020, the Company realized that APB/GranBio allowed the WWTP sludge dryer to fall into a state of disrepair. The sludge dryer reduces water content in sludge which both reduces the potential for odor and makes the sludge easier to transport to the landfill. To repair and improve the sludge dryer (necessary to handle the increased wet sludge production caused by APB/GranBio's shutdown), DPI approved a capital expenditure of over \$300,000 to repair and improve the sludge dryer in December 2020 and parts were ordered from a supplier.
- Prior to 2020, Greenway Pellets would use DPI sludge and wood-dust to make pellets burned for fuel in #3 Boiler. The Greenway Pellet Company suffered a fire in September 2020 and is no longer able to process sludge from the facility for pellets.
- Although DPI had hoped sludge dryer parts would arrive sooner, supply delays caused by the COVID-19 pandemic pushed delivery of sludge dryer parts from the first week of January until the first week of March. As a result, a shutdown to repair/improve the sludge dryer could not be scheduled until March 15, 2021.
- During the three-week shutdown to repair the sludge dryer, DPI had to accumulate more undried wet sludge at the facility out of necessity (as wet sludge cannot be sent to the landfill until moisture content is reduced). Moreover, our operations produce more sludge in the spring than in winter months, so this COVID-related parts supply delay exacerbated our sludge management challenges.
- Additionally, unseasonable warm temperatures characterized by an early spring (arriving in March) increased the amount of sugar in DPI's wastewater, in turn increasing the amount of wet sludge produced at the facility during the same time the facility was working to repair the sludge dryer. Early warm temperature likely accelerated odor issues with the wet sludge as well.
- Though DPI has increased the amount of wet sludge being transported to the landfill at great expense to the Company, the Company expects that the transport of the wet sludge may increase the number and intensity of odor complaints because: 1. Loading trucks with wet sludge has a tendency to release odors in way that cannot be avoided; and 2. Because of road construction in the area, the detoured route from the facility to the landfill takes trucks through the center of town in a way that odors may be more noticeable to city residents.

Although the circumstances that led to wet sludge accumulation at the facility (and resulting odors) were largely unanticipated and not the Company's fault, the facility has taken the following steps to resolve the problem.

- As indicated in meeting with EGLE AQD in September of 2020, the facility began increasing the amount sludge being removed from the site from 30 truckloads per month to 60 truckloads per month.
- DPI has invested over \$300K in sludge dryer repairs and upgrades which has raised the nominal capacity of the facility to dry sludge from 10 tons per day to 15 tons per day. This increased drying capacity will decrease potential odor issues in two ways: 1. Dry sludge does not give rise

to the same odors as wet sludge and based on dryer repair the facility has not produced wet sludge since the week of May 17; 2. Because of weight and moisture content restrictions in shipping of sludge, the more efficient conversion of wet sludge to dry sludge will increase the speed at which the sludge can be hauled to the landfill and reducing sludge accumulation amounts (and resulting odor issues).

- After the sludge dryer repair shutdown (which disabled the sludge dryer during the spring period where wet sludge production increases), DPI hired Greenway, a local waste contractor, to provide management of the waste stockpile by mixing the wet sludge with dry wood dust to mitigate the intensity of odors and make it possible to transport the sludge offsite. DPI determined that mixing and exporting could take as long as three months. DPI requested the mixing be completed by Independence Day and export as much of the mixed material as possible. In an effort to expedite the process starting the week of May 24, DPI contracted Greenway to remove additional truckloads at a rate of 100 loads per month.
- Currently, wet sludge is completely mixed with dryer material and DPI believes the volume of mixed sludge has been reduced to a level that will appropriately mitigate the existing circumstance. The area used for mixing (including wet areas surrounding the mixing area) have had over 200 tons of lime applied and has significantly decreased the odor at the facility.

While the Company can assure EGLE it is doing everything in its power to remedy this situation as quickly as possible, we understand that EGLE has urged DPI “to implement faster action”. Currently DPI, its contractor, and the landfill accepting waste are working “at capacity” to remove waste from the Site. At this point, even if other additional transport contractors and landfills could be identified that would accept this waste (which we do not believe is realistic), based on Greenway’s recent communications, DPI expects the accumulated waste (and potential resulting odors) will be controlled (by July 1) before such additional arrangements could even be finalized. In the meantime, DPI is committed to fixing this problem and putting in place an Odor Minimization Plan (submitted draft under separate cover) as a response to the wet sludge accumulation that we expect to submit EGLE AQD next week.

Process Description:	“Sweet burnt wood odor”
Alleged Rule/Permit Condition Violated:	“Rule 901”
Alleged Violation/Comment:	“Distinct and definite objectionable sweet burnt wood odor observed at 2nd Avenue and Lake Street, and at Merchant Street and Clark Street”

We have investigated operations of the hardboard manufacturing operations on the dates noted for the reported complaints to determine if an identified upset or malfunction had occurred to cause the alleged odors detected off-site. Our investigations indicated that process sources and associated emission control equipment appear to have been operating in accordance with AQD-approved Preventive Maintenance/Malfunction Abatement Plans (“PM/MAPs”). Consequently, we are unable to explain the specific cause for the various odors allegedly detected by you at off-site locations and undertake actions “necessary” to correct the alleged violations. While DPI is not suggesting that an odor was not detected, it is difficult to ascertain the source of an odor at our facility based on the description.

Historical allegations that relate to odors originating from the DPI Alpena facility are disputed based on the combined description of "sweet" and "burnt" which does not correlate with any one operation at our facility. In addition, the "burnt" odor has historically also been associated with sludge odors in correspondence to the AQD.

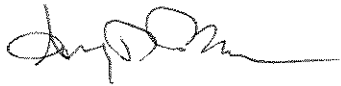
It is possible that sudden changes in the facility pressure or the opening of a door (or doors) to the cooler to clear a process jam-up could have resulted in an upset that allowed incremental release of odors. If an occurrence had a result of that nature it was not identified by the operator on the logs for Press #1. Other activities that have the potential to result in a burnt wood odor might include a fire within the facility or a controlled press burn for cleaning (not typical to result in odors). It is not clear that these incidents would result in a Rule 901 violation, although they might contribute to an existing odor.

We therefore are unable to confirm any operational source of this alleged odor, and deny any responsibility for any corrective measures. Nevertheless, as an additional response, DPI will provide an Odor Minimization Plan (under separate cover). In addition, we are making an adjustment to our Press #1 Cooler Intake Air process that allows for variable speed control, which would reduce cooling air and limit/minimize the potential for isolated events, such as described above. It is DPI's intent to install the speed control within the next quarter.

Thank you for your consideration of our above response and related measures, and we will keep you informed as to the status of our activities as needed. If you have any questions regarding any of the above, please don't hesitate to contact me.

Sincerely,

Decorative Panels International, Inc.



Timothy D. Rombach, PE
Sr. Environmental Engineer

Cc: Duncan Gray, DPI
Tammi Van Til, Madison Consulting
Jenine Camilleri, EGLE
Shane Nixon, EGLE
Charlie Denton/Joel Bowers, Barnes & Thornburg LLP