

October 19th, 2016

Mr. Iranna Konanahalli Senior Environmental Engineer Michigan Department of Environmental Quality SE Michigan District Office 27700 Donald Court Warren, MI 48092-2793

RE: September 28th Violation Notice

Dear Mr. Konanahalli,

This letter serves as a formal response to the violation notice issued to Continental (CAC) by the Michigan Department of Environmental Quality on September 28th. We hope that this letter, in conjunction with the previous communications, including the information and studies provided during our meetings on September 16th at Continental and on October 12th at MDEQ, will suffice in the resolution of this matter.

Introduction

CAC is regulated under subpart RRR of the federal MACT standard and operates its furnaces and capture collection systems according to the stringent requirements contained therein. Performance-based stack testing is conducted periodically to establish compliance with federal emission limits, and the process parameters set by these stack tests are monitored and automatically logged in real time. In addition to adhering to these strict regulatory requirements CAC has, particularly in the past several years, invested a tremendous amount of time, effort and capital expenditure to go above and beyond these requirements towards the goal of minimizing any deleterious impact resulting from odors originating from our operations. To this end, CAC has worked proactively to address any and all community concerns in a timely and effective manner, and operates a community hotline which residents are able to call 24 hours a day to report odors or other concerns. CAC management has met with many concerned residents in person and has given out email addresses and cell phone numbers of plant personnel and asked that residents contact CAC immediately upon encountering any odor issues suspected to have originated from CAC. Preventative maintenance is diligently performed on all environmental equipment and activated carbon is voluntarily added to the lime feeders, at significant cost, in order to provide an additional level of odor control. These efforts and others have resulted in a large reduction in odor complaints as well as greatly improved relationships with many members of the community. It should be noted that, prior to the initial complaint received in September of this year, which was shortly followed by this violation notice, CAC had not received an odor complaint in more than a year.

Background

At 9:58 AM on the morning of September 14th, 2016, a call was received from a resident located approximately 0.7 miles southwest of CAC alleging that there was black smoke and odor being emitted from the plant which was passing over the resident's home. Within seconds of receiving this call, multiple CAC personnel were outside checking the baghouse stacks for smoke. There was no smoke being emitted from the plant at this time. As you are aware, CAC's baghouse stacks are fitted with opacity monitors which continually monitor the air exiting the baghouse stacks. In the event that a malfunction such as a bag breakage occurs which results in smoke/particulate matter being emitted from a baghouse stack, an alarm sounds which alerts the operator to immediately stop charging material to that furnace. Logs from CAC's continuous monitoring system (CMS), which have been shared with MDEQ staff, show that there was no smoke being emitted from these stacks at or before the time of this complaint.

Approximately five minutes after receiving this call, the same resident sent to CAC, via text message, a picture showing low-hanging gray clouds passing over the resident's house. These clouds were - somewhat understandably given the overcast conditions combined with the low height and dark gray appearance of the clouds - mistaken for smoke which the resident assumed to have originated from CAC (note: there is no line of sight from the resident's home to either the plant or its baghouse stacks). As was documented in numerous pictures taken throughout the area, many of which were provided to MDEQ, these clouds were prevalent throughout the area in all directions persisting throughout the morning. These pictures show, specifically, these same clouds far to the north of CAC, drifting toward the plant with the prevailing southward wind.

Multiple CAC personnel then walked the perimeter of the plant, the sidewalk next to Milford Road, and the adjacent bike trail. CAC personnel also drove down Travis Road and around the Mill River planned development several times to check for any odors. All process parameters, production data and environmental equipment were reviewed for any potential issues. Despite not encountering any offensive odors and being unable to pinpoint any potential equipment issues in the initial investigation, production was halted and an extensive inspection of the baghouses was performed.

The following morning, on September 15th, CAC received a call from Mr. Konanahalli stating that another MDEQ employee, Mr. Salamasick, who had been in the general area that day visiting a different facility, was on the bike trail next to the plant and that he had detected what he considered to be a strong odor. Plant personnel walked to the bike trail to attempt to speak with Mr. Salamasick and to observe any odors in the area, but he had already left the area and no unusual odors were observed at that time. CAC personnel again walked around the perimeter of the plant and other locations downwind of the plant, and conducted a thorough review of logs and environmental equipment. Extra preventative maintenance was performed on the baghouses including a black light inspection of the fabric filter baghouse bags to check for leaks, as well as the reapplication of NeutraLime™ precoat to the bags. On September the 16th, Mr. Konanahalli and Mr. Salamasick visited CAC, toured the facility and discussed the complaints and the actions CAC was taking to address them.

Violation Notice

On September 28th, a violation notice was issued to Continental by MDEQ stating that Mr. Salamasick had observed strong odors on a pedestrian walkway (the bike trail) near the plant and at 29955 Travis Road next to another business on the September 15th visit. The violation notice cited Continental under the catch-all Rule 901(b), which states that a facility may not cause "unreasonable interference with the comfortable enjoyment of life and property." As you know, there is significant industrial activity located along Travis Road in addition to heavy truck traffic. On many occasions CAC personnel have observed several distinct and unpleasant odors along this road which are not characteristic of aluminum smelting operations. We suspect that there may be a more localized source closer in proximity to the Mill River planned development which has been the source of these odors.

In support of this conclusion:

- CAC received an odor complaint originating from the Mill River planned development which stated that there was a strong odor on September 30th at 7:30 PM. As records from CAC's continuous monitoring system show, one furnace was completely down at this time for a scheduled refractory reline, and the other furnace was empty and had not had any material charged to it for more than one and a half hours prior to the time of the complaint.
- CAC received another complaint originating from this same subdivision on October 11th. Records from the nearby
 Oakland/Southwest Airport (located approximately 0.25 miles west of CAC) indicate that the wind was coming out of the south
 and blowing towards the north (in the opposite direction of the complainant) throughout the entire day, including at and
 before the time of the complaint.
- We have been unable to identify any conditions, activities or processes which temporally correlate with odor complaints.
- Baghouse stack dispersion models previously performed for CAC by an engineering firm suggest that it is unlikely that there
 would be strong odors detected at the direction and distance of the residents in the Mill River planned development,
 particularly when all environmental equipment is operating properly.
- CMS records show that all environmental equipment was operating properly at the time of each of the recent complaints.
- · No other odor complaints have been received from any other area or direction surrounding CAC in over a year.

Summary

Continental continues to operate within the requirements of both the federal MACT standard as well as our air permit. We have thoroughly investigated all relevant processes and CMS data, and have performed exhaustive inspections of, and preventative maintenance on, all relevant environmental equipment. Multiple employees continue to monitor CMS data and baghouse stacks, and continue to check, on an hourly basis, for odors around the perimeter of the plant and the surrounding area. Thus far, we have been unable to pinpoint any equipment malfunctions or other issues which would be likely to have contributed to the odor events described in these recent complaints, and believe that it is unlikely that the odors observed in the Mill River planned development were caused by CAC's operations. However, CAC personnel will continue to diligently monitor our operations, collect data and seek out any such issues, and will notify MDEQ staff should any such issues be identified. CAC is committed to good environmental stewardship and will remain focused on continual improvement in this area.

Should you have further questions, please contact Tyler Cunningham or Mark Buchner.

Sincerely,

Tyler Cunningham

HSE Manager

Continental Aluminum

cc: Mark Buchner, President, Continental Aluminum