

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

HUNTINGTON INGALLS INCORPORATED

AI # 593

PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT
LA. R.S. 30:2001, ET SEQ.

* Settlement Tracking No.
* SA-AE-15-0051
*
* Enforcement Tracking No.
* AE-CN-11-00569
* AE-PP-12-00361
*
*
* Docket No. 2013-6199-EQ
*

SETTLEMENT

The following Settlement is hereby agreed to between Huntington Ingalls Incorporated (“Respondent”) and the Department of Environmental Quality (“DEQ” or “the Department”), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. (“the Act”).

I

Respondent is a corporation that owns and had operated a shipbuilding and repair facility located in Avondale, Jefferson Parish, Louisiana (“the Facility”).

II

On January 24, 2012, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty (CONOPP), Enforcement No. AE-CN-11-00569, which was based upon the following findings of fact:

“The Respondent owns and/or operates a shipbuilding and repair facility known as the **Avondale Operations** (facility) located at 5100 River Road in Avondale, Jefferson Parish, Louisiana. The Respondent operated the facility under Title V Air Permit No. 1340-00015-V1

issued to the Respondent on or about July 14, 2009. The Respondent currently operates the facility under Title V Air Permit No. 1340-00015-V2 issued on or about April 27, 2011.

On or about December 14, 2011, the Department conducted a file review for the facility to determine compliance with the Air Quality Regulations and Title V Air Permit No. 1340-00015-V2.

While the Department’s investigation is not yet complete, the following violations were noted during the course of the file review:

- A. On or about September 30, 2010, the Respondent submitted the facility’s 2010 first Semiannual Monitoring Report to the Department. The report indicated that the Respondent failed to record visible emissions by electronic or hard copy weekly. Additionally, the Respondent submitted a 2010 third Quarter Deviation Report for the facility on or about December 17, 2010, reporting similar violations. The failures to record visible emissions weekly are as follows:

Group:	Emissions Source:	Deviation Duration:
CRG0001	EQT0016	1/1/2010 – 6/30/2010
CRG0001	EQT0080	1/1/2010 – 6/30/2010, 7/1/2010 – 7/31/2010
CRG0001	EQT0127	6/1/2010 – 6/30/2010
CRG0001	EQT0128	6/1/2010 – 6/30/2010
CRG0001	EQT0131	6/1/2010 – 6/30/2010
CRG0001	EQT0133	6/1/2010 – 6/30/2010
CRG0001	EQT0134	6/1/2010 – 6/30/2010
CRG0001	EQT0136	6/1/2010 – 6/30/2010
CRG0001	EQT0137	6/1/2010 – 6/30/2010
CRG0001	EQT0138	6/1/2010 – 6/30/2010
CRG0001	EQT0139	6/1/2010 – 6/30/2010
CRG0001	EQT0140	6/1/2010 – 6/30/2010
CRG0001	EQT0149	6/1/2010 – 6/30/2010
CRG0001	EQT0150	6/1/2010 – 6/30/2010
CRG0001	EQT0151	6/1/2010 – 6/30/2010
CRG0001	EQT0152	6/1/2010 – 6/30/2010
CRG0001	EQT0153	6/1/2010 – 6/30/2010
CRG0014	EQT0034	1/1/2010 – 6/30/2010
CRG0014	EQT0066	5/1/2010 – 5/31/2010
CRG0014	EQT0115	5/1/2010 – 5/31/2010
CRG0015	EQT0190	6/1/2010 – 6/30/2010
CRG0015	EQT0191	6/1/2010 – 6/30/2010

CRG0016	EQT0183	1/1/2010 – 6/30/2010
CRG0016	EQT0185	1/1/2010 – 6/30/2010
CRG0008	EQT0205	1/1/2010 – 6/30/2010, 7/5/2010 – 7/18/2010, 8/2/2010 – 9/3/2010
CRG0008	EQT0206	1/1/2010 – 6/30/2010
CRG0008	EQT0207	1/1/2010 – 6/30/2010, 7/1/2010 – 7/31/2010
CRG0008	EQT0208	1/1/2010 – 6/30/2010
CRG0008	EQT0211	1/1/2010 – 6/30/2010, 7/5/2010 – 7/18/2010, 8/2/2010 – 9/3/2010
CRG0008	EQT0212	1/1/2010 – 6/30/2010
CRG0008	EQT0213	1/1/2010 – 6/30/2010, 7/1/2010 – 7/31/2010

Each failure to conduct visible emissions recordkeeping by electronic or hard copy weekly is a violation of Title V Air Permit No. 1340-00015-V1 Specific Requirement 27 (CRG0001), Specific Requirement 64 (CRG0008), Specific Requirement 122 (CRG0014), Specific Requirement 125 (CRG0015), Specific Requirement 162 (CRG0016), LAC 33:III.507.H.1.a, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).

- B. On or about September 30, 2010, the Respondent submitted the facility's 2010 first Semiannual Monitoring Report to the Department. The report indicated that the Respondent failed to record the monthly quantities of fuel oil No. 2 used for emission sources EQT0089, EQT0090 and EQT0192 from January 1, 2010, through June 30, 2010. Each failure to keep records of the monthly quantities of fuel oil No. 2 used for each emission source is a violation of Title V Air Permit No. 1340-00015-V1 Specific Requirement 76 (EQT0089, EQT0090), Specific Requirement 211 (EQT0192), LAC 33:III.1513.C, LAC 33:III.507.H.1.a, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- C. On or about December 17, 2010, the Respondent submitted a 2010 third Quarter Deviation Report to the Department for the facility. The report indicated that the Respondent failed to collect and record the required operating data for emission source EQT0208 from July 1, 2010, through September 30, 2010. The failure to conduct operational data recordkeeping by electronic or hard copy monthly is a violation of Title V Air Permit No. 1340-00015-V1 Specific Requirement 215, LAC 33:III.507.H.1.a, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- D. The Respondent failed to submit annual reports of the total toxic air pollutant (TAP), volatile organic compound (VOC), ten (10) micron or less particulate matter (PM10) and total suspended particle (TSP) emissions for the equipments of GRP0004 Surface Coating Emissions Cap. The Respondent failed to submit such reports for the monitoring periods of 2009 and 2010.

Each failure to submit these annual reports is a violation of Title V Air Permit No. 1340-00015-V1 Specific Requirement 188, LAC 33:III.507.H.1.a, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).

- E. The Respondent failed to submit annual reports of the VOC emissions for the equipments of GRP0005 Gas Free Plant Emissions Cap. The Respondent failed to submit such reports for the monitoring periods of 2009 and 2010 by March 31st of the following year. Each failure to submit these annual reports is a violation of Title V Air Permit No. 1340-00015-V1 Specific Requirement 196, LAC 33:III.507.H.1.a, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- F. The Respondent failed to submit annual reports of the PM10 emissions for the equipments of GRP0006 Portable Dust Collectors Emissions Cap. The Respondent failed to submit such reports for the monitoring periods of 2009 and 2010 by March 31st of the following year. Each failure to submit these annual reports is a violation of Title V Air Permit No. 1340-00015-V1 Specific Requirement 200, LAC 33:III.507.H.1.a, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- G. The Respondent failed to submit annual reports of the PM10 emissions for the equipments of GRP0007 Facility Baghouses Emissions Cap. The Respondent failed to submit such reports for the monitoring periods of 2009 and 2010 by March 31st of the following year. Each failure to submit these annual reports is a violation of Title V Air Permit No. 1340-00015-V1 Specific Requirement 204, LAC 33:III.507.H.1.a, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- H. The Respondent failed to submit annual reports of the quantity of natural gas combusted by all miscellaneous natural gas combustion units for the equipments of GRP0008 Miscellaneous Natural Gas Combustion Units Emissions Cap. The Respondent failed to submit such reports for the monitoring periods of 2009 and 2010 by March 31st of the following year. Each failure to submit these annual reports is a violation of Title V Air Permit No. 1340-00015-V1 Specific Requirement 205, LAC 33:III.507.H.1.a, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- I. The Respondent failed to submit annual reports of the emissions produced by all miscellaneous diesel-fired combustion units for the equipments of GRP0009 Miscellaneous Diesel-fired Combustion Units Emissions Cap. The Respondent failed to submit such reports for the monitoring periods of 2009 and 2010 by March 31st of the following year. Each failure to submit these annual reports is a violation of Title V Air Permit No. 1340-00015-V1

Specific Requirement 209, LAC 33:III.507.H.1.a, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).

- J. The Respondent failed to submit annual reports of the emissions produced by all burning and cutting machines and associated dust collectors for the equipments of GRP0010 Burning and Cutting Machines and Associated Dust Collectors Emissions Cap. The Respondent failed to submit such reports for the monitoring periods of 2009 and 2010 by March 31st of the following year. Each failure to submit these annual reports is a violation of Title V Air Permit No. 1340-00015-V1 Specific Requirement 213, LAC 33:III.507.H.1.a, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).”

On May 20, 2013, the Department issued to Respondent a Notice of Potential Penalty (NOPP), Enforcement No. AE-PP-12-00361, which was based upon the following findings of fact:

“On or about October 5, 2011, April 9, 2012, June 11, 2012, and April 26, 2013 file reviews of **AVONDALE OPERATIONS**, a shipbuilding and repair facility owned and/or operated by **HUNTINGTON INGALLS INCORPORATED (RESPONDENT)**, were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facility is located at 5100 River Road in Avondale, Jefferson Parish, Louisiana. The Respondent operates or has operated the facility under the following Air Permits:

PERMIT	ISSUE DATE	EFFECTIVE EXPIRATION DATE
1340-00015-V0	December 28, 2004	July 14, 2009
1340-00015-V1	July 14, 2009	April 27, 2011
1340-00015-V2	April 27, 2011	April 27, 2016

While the investigation by the Louisiana Department of Environmental Quality (the Department) is not yet complete, the following violations were noted during the course of the file reviews:

- A. According to the 2007 Annual Compliance Certification dated March 31, 2008, the Respondent reported that fuel usage records were not kept from January 1,

2007, to August 1, 2007. The failure to maintain records of fuel usage is a violation of Specific Requirement EQT11—2 of Air Permit No. 1340-00015-V0, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

B. The following reports were submitted to the Department past the date due:

REPORT (date)	PERMIT NUMBER	DUE DATE	SUBMITTAL DATE
2007 Second Semiannual MACT; 40 CFR 63 Subpart II (3/26/08)	1340-00015-V0	3/1/08	3/26/08
2007 Second Semiannual Monitoring Report (6/19/08)	1340-00015-V0	3/31/08	6/19/08

The failure to timely submit the Semiannual MACT Report is a violation of Specific Requirement AI593—73 of Air Permit No. 1340-00015-V0, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). The failure to timely submit the Semiannual Monitoring Report is a violation of LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(1).

C. The Respondent submitted the following reports documenting the following emissions in excess of permitted limitations:

REPORT (date)	PERMIT NUMBER or UNIT	EMISSION POINT	INCIDENT DATE	POLLUTANT RELEASED (permitted limitation)	QUANTITY REPORTED
2007 Annual Compliance Certification (3/31/08)	1340-00015-V0	Fugitives from Glues, Cleaners, and Adhesives (FUG 5)	1/1/07 through 12/31/07	Ethylbenzene (0.9 tons/year)	1.19 tons
				Xylene (0.37 tons/year)	4.35 tons
2008 Annual Compliance Certification (3/26/09)	1340-00015-V0	Fugitives from Glues, Cleaners, and Adhesives (FUG 5)	1/1/08 through 12/31/08	Ethylbenzene (0.9 tons/year)	5.29 tons
				VOC (8.36 tons/year)	36.16 tons
				Xylene (0.37 tons/year)	19.41 tons
2009 Annual Compliance Certification (3/24/10)	1340-00015-V1	Fugitives from Glues, Cleaners, and Adhesives (FUG 5)	1/1/09 Through 12/31/09	VOC (53.26 tons/year)	105.10 tons
Email Correspondence (11/2/11)					

Each exceedance of permitted limitations is a violation of Air Permit No. 1340-00015-V0, Air Permit No. 1340-00015-V1, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

D. According to LAC 33:III.2123.C, pre-construction and interior primers must not exceed a VOC content of 420 grams/liter. The Respondent submitted the following reports which documents exceedances of this VOC content limitation:

REPORT (date)	PERMIT NUMBER	EMISSION POINT	INCIDENT DATE	OPERATING PARAMETER	POLLUTANT INVOLVED	DESCRIPTION
2007 Annual Compliance Certification (3/31/08)	1340-00015-V0	Marine Surface Coating (ARE 0002)	1/8/07 through 12/18/07	Preconstruction Primer: VOC content ≤ 420 grams/liter	VOC	Respondent applied 11,702.5 gallons of preconstruction primer with VOC content of 650 grams/liter.
2008 First Semiannual MACT Report; 40 CFR 63 Subpart II (8/12/08)	1340-00015-V0	Marine Surface Coating (ARE 0002)	1/1/08 through 12/31/08	Preconstruction Primer: VOC content ≤ 420 grams/liter	VOC	Respondent applied 22,785.6 gallons of preconstruction primer with VOC content of 650 grams/liter.
2008 Second Semiannual MACT Report; 40 CFR 63 Subpart II (2/12/2009)						
2009 First Semiannual MACT Report; 40 CFR 63 Subpart II (7/29/09)	1340-00015-V1	Outdoor Painting (ARE 0002)	1/1/09 through 12/31/09	Preconstruction Primer: VOC content ≤ 420 grams/liter	VOC	Respondent applied 5,481.0 gallons of preconstruction primer with VOC content of 650 grams/liter.
2009 Second Semiannual MACT Report; 40 CFR 63 Subpart II (1/28/10)						
2010 First Semiannual Report; 40 CFR 63 Subpart II (7/26/10)	1340-00015-V1	Outdoor Painting (ARE 0002)	1/1/10 through 3/31/10	Preconstruction Primer: VOC content ≤ 420 grams/liter	VOC	Respondent applied 695 gallons of preconstruction primer with VOC content of 650 grams/liter.

Each use of preconstruction primer with a VOC content of greater than 420 grams/liter is a violation of LAC 33:III.2123.C, Specific Requirement AI593—64 and ARE2-057—4 of Air Permit No. 1340-00015-V0, Specific Requirement 54 of Air Permit No. 1340-00015-V1, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

E. The Respondent failed to include the deviations contained in the following reports in the appropriate Title V Reports:

REPORT (date)	PERMIT NUMBER	INCIDENT DATE	DEVIATION	TITLE V REPORT (date)
2008 First Semiannual MACT Report; 40 CFR 63 Subpart II (8/12/08)	1340-00015-V0	1/1/08 through 12/31/08	Respondent applied 22,785.6 gallons of preconstruction primer with VOC content of 650 grams/liter.	2008 First and Second Semiannual Monitoring Reports (9/22/08, 3/26/09)
2008 Second Semiannual MACT Report; 40 CFR 63 Subpart II (2/12/2009)				2008 Annual Compliance Certification (3/26/09)
2009 First Semiannual MACT Report; 40 CFR 63 Subpart II (7/29/09)	1340-00015-V1	1/1/09 through 12/31/09	Respondent applied 5,481.0 gallons of preconstruction primer with VOC content of 650 grams/liter.	2009 First and Second Semiannual Monitoring Reports (9/21/09, 3/24/10)
2009 Second Semiannual MACT Report; 40 CFR 63 Subpart II (1/28/10)				2009 Annual Compliance Certification (3/24/10)
2010 First Semiannual Report; 40 CFR	1340-00015-V1	1/1/10	Respondent applied 695	2010 First Semiannual

REPORT (date)	PERMIT NUMBER	INCIDENT DATE	DEVIATION	TITLE V REPORT (date)
63 Subpart II (7/26/10)		through 3/31/10	gallons of preconstruction primer with VOC content of 650 grams/liter.	Monitoring Report (9/30/10)
				2010 Annual Compliance Certification (3/21/11)

Each failure to include deviations in the appropriate Title V Report is a violation of 40 CFR Part 70 General Condition M and R, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).”

III

In response to the CONOPP, Respondent made a timely request for a hearing.

IV

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

V

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a total payment in the amount of NINETEEN THOUSAND ONE AND NO/100 DOLLARS (\$19,001.00), of which Two Thousand One and 27/100 Dollars (\$2,001.27) represents the Department’s enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to the Department as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

VI

Respondent further agrees that the Department may consider the permit record(s), CONOPP, NOPP and this Settlement Agreement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the

above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VII

This agreement shall be considered a final order of the Secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VIII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in La. R. S. 30:2025(E) of the Act.

IX

As required by law, the Department has submitted this Settlement Agreement to the Louisiana Attorney General for approval or rejection. The Attorney General's concurrence is appended to this Settlement Agreement.

X

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Jefferson Parish, Louisiana. The advertisement, in form and wording approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted an original proof-of-publication affidavit and an original public notice to the Department and, as of

the date this Settlement Agreement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

XI

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

XII

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement Agreement.

XIII

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

HUNTINGTON INGALLS INCORPORATED

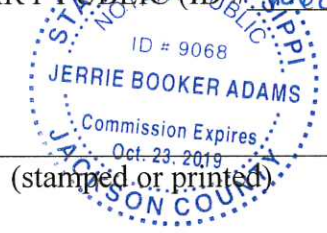
BY: Edmond E. Hughes
(Signature)

EDMOND E. HUGHES
(Printed)

TITLE: V.P., HUMAN RESOURCES & ADM.

THUS DONE AND SIGNED in duplicate original before me this 17th day of February, 20 16, at Pascagoula, MS.

Jerrie Booker Adams
NOTARY PUBLIC (ID # 9068)



LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Chuck Carr Brown, Ph.D., Secretary

BY: [Signature]

Lourdes Iturralde, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 17th day of May, 20 16, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 19181)

Perry Theriot
(stamped or printed)

Approved: [Signature]
D. Chance McNeely, Assistant Secretary