

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

MUELLER SUPPLY COMPANY, INC.

AI # 9785

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

* **Settlement Tracking No.**
* **SA-AE-23-0060**
*
* **Enforcement Tracking No.**
* **AE-PP-22-00252**
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SETTLEMENT AGREEMENT

The following Settlement Agreement is hereby agreed to between Mueller Supply Company, Inc. (“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 owned and/or operated a metal roofing and steel building manufacturing facility located in Oak Grove, West Carroll Parish, Louisiana (“the Facility”).

II

On October 28, 2022, the Department issued to Respondent a Notice of Potential Penalty, Enforcement Tracking No. AE-PP-22-00252 (Exhibit 1).

III

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

IV

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 payment in the amount of FORTY THOUSAND AND NO/100 DOLLARS (\$40,000.00), of which One Thousand Two Hundred Ninety-Eight and 82/100 Dollars (\$1,298.82) represents the Department's enforcement costs, in settlement of the claims set forth in this Settlement Agreement.

V

Respondent, in addition to the penalty amount specified in Paragraph IV above and as part of this Settlement Agreement, agrees to expend the amount of FORTY-FIVE THOUSAND THREE HUNDRED SEVENTY-FIVE AND 22/100 DOLLARS (\$45,375.22) to implement and/or perform the following beneficial environmental project:

- A. The Respondent shall donate all building materials necessary to construct a 40' x 60' building to the Oak Grove Fire District.
- B. Respondent shall submit monthly reports regarding its progress on the project. The first shall be due on the 5th of the month following the date the Department signs this Settlement Agreement. Monthly reports shall be submitted on the 5th of every month thereafter until the project is completed. Each such monthly report shall include a description of the project, tasks completed, tasks remaining, the percentage completed, and money expended on each project through the date of the report. Upon completion of all projects required under this Settlement Agreement, Respondent shall submit a final report to include a summary of all the information previously submitted and a total amount spent on the project listed above. It shall also contain a certification that the project was completed as described.

- C. If Respondent does not spend the amount of \$45,375.22, then it shall, in its final report, propose additional projects for the Department's approval or pay to the Department in an amount equal to the difference between the amount of money agreed to be spent and the amount of money actually spent.
- D. The total amount of money expended by Respondent on cash payments to the Department and on beneficial environmental projects, 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), the Notice of Potential Penalty 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 Settlement 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 Settlement Agreement in any action by the Department to enforce this Settlement Agreement.

VIII

This Settlement Agreement 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 Agreement, 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 West Carroll Parish, Louisiana. The advertisement, in form and wording approved by the Department, announced the availability of this Settlement Agreement 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 Settlement 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 attached hereto.

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.

MUELLER SUPPLY COMPANY, INC.

BY: _____
(Signature)

(Printed)

TITLE: _____

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20 _____, at _____.

NOTARY PUBLIC (ID # _____)

(stamped or printed)


LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Aurelia S. Giacometto, Secretary

BY: _____
Jerrie "Jerry" Lang, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20 _____, at Baton Rouge, Louisiana.

NOTARY PUBLIC (ID # _____)

(stamped or printed)

Approved:  _____
Jerrie "Jerry" Lang, Assistant Secretary

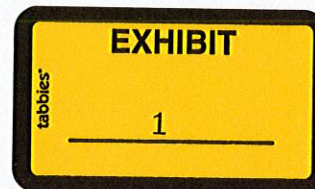


JOHN BEL EDWARDS
GOVERNOR

CHUCK CARR BROWN, PH.D.
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

OCT 28 2022



CERTIFIED MAIL (7021 0950 0001 9072 8607)
RETURN RECEIPT REQUESTED

MUELLER SUPPLY COMPANY, INC.
c/o C T Corporation System
Agent for Service of Process
3867 Plaza Tower Drive
Baton Rouge, Louisiana 70816

**RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-22-00252
AGENCY INTEREST NO. 9785**

Dear Sir/Madam:

On or about August 24, 2022, a file review of **MUELLER INC. OAK GROVE FACILITY (FACILITY)**, a metal roofing and steel building manufacturing facility, owned and/or operated by **MUELLER SUPPLY COMPANY, INC. (RESPONDENT)**, was 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 6914 La. Highway 2 in Oak Grove, West Carroll Parish, Louisiana. The Respondent operates under the authority of Minor Source Air Permit No. 3140-00014-00 issued on October 19, 2016.

The Respondent submitted correspondence to the Department dated March 8, 2022, to provide notification of a violation of Minor Source Air Permit No. 3140-00014-00. The Respondent indicated in the correspondence the volatile organic compound (VOC) and xylene emissions of the facility exceeded the permit limitations. The Respondent stated that according to facility records, the dip tank solvent was changed in 2018 to one containing 90-100% xylene. The xylene emissions were greater than ten (10) tons per year; therefore, a Title V air permit application should have been submitted to the Department. The Respondent determined the solvent change was made by facility staff without notifying corporate personnel. The Respondent further stated corporate personnel were not making routine site visits during the time the change occurred due to COVID restrictions.

According to the Respondent's correspondence noted above, when the violation was discovered, immediate action was taken to correct the issue by stopping the use of the VOC and xylene containing solvent and replacing it with a solvent that contains no VOCs or hazardous air pollutants (HAPs). Additionally, the Respondent contracted with PPM Consulting to review and modify Minor Source Air

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Permit No. 3140-00014-00 to assure compliance and conduct annual compliance audits of the facility. An application for a minor source permit modification was submitted to the Department on June 2, 2022.

The Respondent submitted additional correspondence to the Department dated April 1, 2022, to provide the actual emissions from January 2018 through February 2022. A review of the correspondence revealed the actual emissions exceeded the Title V requirement for xylene.

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 review:

A. The Respondent reported the following unauthorized releases in correspondence dated April 1, 2022:

| | | | |
|--------------|-----------------------|--------|--------------------|
| Benzene | 1/1/2018 – 12/31/2018 | 0.02 | LAC 33:III.501.C.2 |
| | 1/1/2019 – 12/31/2019 | 0.02 | |
| | 1/1/2020 - 12/31/2020 | 0.02 | |
| | 1/1/2021 – 12/31/2021 | 0.02 | |
| | 1/1/2022 – 2/28/2022 | 0.0014 | |
| Ethylbenzene | 1/1/2018 – 12/31/2018 | 5.89 | LAC 33:III.501.C.2 |
| | 1/1/2019 – 12/31/2019 | 4.76 | |
| | 1/1/2020 - 12/31/2020 | 6.05 | |
| | 1/1/2021 – 12/31/2021 | 4.88 | |
| | 1/1/2022 – 2/28/2022 | 0.42 | |
| Toluene | 1/1/2018 – 12/31/2018 | 1.18 | LAC 33:III.501.C.2 |
| | 1/1/2019 – 12/31/2019 | 0.95 | |
| | 1/1/2020 - 12/31/2020 | 1.21 | |
| | 1/1/2021 – 12/31/2021 | 0.98 | |
| | 1/1/2022 – 2/28/2022 | 0.08 | |

Each unauthorized release of emissions is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2).

B. The Respondent reported the following emission exceedances of Minor Source Air Permit No. 3140-00014-00 in correspondence dated April 1, 2022:

| | | | |
|----------------------|-----------------------|-------|---|
| VOC (10.69 tpy) | 1/1/2018 – 12/31/2018 | 52.72 | Emissions rates for criteria pollutants |
| | 1/1/2019 – 12/31/2019 | 45.61 | |
| | 1/1/2020 - 12/31/2020 | 58.25 | |
| | 1/1/2021 – 12/31/2021 | 55.58 | |
| | 1/1/2022 – 2/28/2022 | 4.12 | |
| Cumene (0.06 tpy) | 1/1/2018 – 12/31/2018 | 0.22 | Emissions rates for TAP/HAP pollutants |
| | 1/1/2019 – 12/31/2019 | 0.17 | |
| | 1/1/2020 - 12/31/2020 | 0.22 | |

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| | | | |
|----------------------|-----------------------|-------|---|
| | 1/1/2021 – 12/31/2021 | 0.18 | |
| | 1/1/2022 – 2/28/2022 | 0.02 | |
| Xylene (0.33 tpy) | 1/1/2018 – 12/31/2018 | 37.81 | Emissions rates for TAP/HAP pollutants |
| | 1/1/2019 – 12/31/2019 | 30.69 | |
| | 1/1/2020 – 12/31/2020 | 39.01 | |
| | 1/1/2021 – 12/31/2021 | 31.82 | |
| | 1/1/2022 – 2/28/2022 | 2.71 | |

Each emission exceedance is a violation of Minor Source Air Permit No. 3140-00014-00, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2).

- C. The Respondent failed to submit a permit application for modification prior to operating as a major source of HAPs requiring a Title V Air Permit. Specifically, the Respondent operated under Minor Source Air Permit No. 3140-00014-00. According to correspondence submitted by the Respondent dated April 1, 2022, the facility operated as a major source of xylene (≥ ten (10) tons per year) from January 1, 2018 through February 28, 2022, requiring a Title V Air Permit. The failure to submit a Title V Air Permit application prior to operating as a major source of HAPs is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2). The Respondent’s correspondence dated April 1, 2022, indicated that upon becoming aware of the violation, immediate action was taken by the facility to correct the issue by stopping the use of VOC and xylene containing solvent and replacing it with a solvent that contains no VOCs or HAPs.

Pursuant to La. R.S. 30:2050.3(B), you are hereby notified that the issuance of a penalty assessment is being considered for the violation(s) described herein. Written comments may be filed regarding the violation(s) and the contemplated penalty. If you elect to submit comments, it is requested that they be submitted within ten (10) days of receipt of this notice.

Prior to the issuance of any additional appropriate enforcement action, you may request a meeting with the Department to present any mitigating circumstances concerning the violation(s). If you would like to have such a meeting, please contact Alissa Cockerham at (225) 219-3785 or Alissa.cockerham@la.gov within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

The Department is required by La. R.S. 30:2025(E)(3)(a) to consider the gross revenues of the Respondent and the monetary benefits of noncompliance in order to determine whether a penalty will be assessed and the amount of such penalty. Please forward the Respondent’s most current annual gross revenue statement along with a statement of the monetary benefits of noncompliance for the cited violations to the above named contact person within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. Include with your statement of monetary benefits the method(s) you utilized to arrive at the sum. If you assert that no monetary benefits have been gained, you are to fully justify this

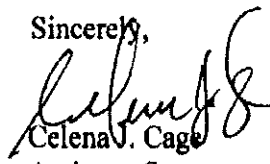
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statement. If the Respondent chooses not to submit the requested most current annual gross revenues statement within ten (10) days, it will be viewed by the Department as an admission that the Respondent has the ability to pay the statutory maximum penalty as outlined in La. R.S. 30:2025.

For each violation described herein, the Department reserves the right to seek civil penalties and the right to seek compliance with its rules and regulations in any manner allowed by law, and nothing herein shall be construed to preclude the right to seek such penalties and compliance.

The Department assesses civil penalties based on LAC 33:I.Subpart1.Chapter 7. To expedite closure of this **NOTICE OF POTENTIAL PENALTY**, the Respondent may offer a settlement amount to resolve any claim for civil penalties for the violation(s) described herein. The Respondent may offer a settlement amount, but the Department is under no obligation to enter into settlement negotiations. The decision to proceed with a settlement is at the discretion of the Department. The settlement offer amount may be entered on the attached "**NOTICE OF POTENTIAL PENALTY REQUEST TO SETTLE**" form. The Respondent may submit the settlement offer within one hundred and eighty (180) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. The Respondent must include a justification of the offer. **DO NOT** submit payment of the offer amount with the form. The Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.

To reduce document handling, please refer to the Enforcement Tracking Number and Agency Interest Number on the front of this document on all correspondence in response to this action.

Sincerely,

Celena J. Cage
Assistant Secretary
Office of Environmental Compliance

CJC/ARC/arc
Alt ID No. 3140-00014

c: Mueller, Inc.
c/o Bill Hunter, EHS Manager
1915 Hutchins Avenue
Ballinger, Texas 76821

**LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE
ENFORCEMENT DIVISION
POST OFFICE BOX 4312
BATON ROUGE, LOUISIANA 70821-4312**



**NOTICE OF POTENTIAL PENALTY
REQUEST TO SETTLE (OPTIONAL)**

| | | | |
|---------------------------------|-------------------------------------|---------------------------|----------------------------------|
| Enforcement Tracking No. | AE-PP-22-00252 | Contact Name | Alissa Cockerham |
| Agency Interest (AI) No. | 9785 | Contact Phone No. | (225) 219-3785 |
| Alternate ID No. | 3140-00014 | | |
| Respondent: | Mueller Supply Company, Inc. | Facility Name: | Mueller, Inc. Oak Grove Facility |
| | c/o C T Corporation System | Physical Location: | 6914 La. Highway 2 |
| | Agent for Service of Process | | |
| | 3867 Plaza Tower Drive | City, State, Zip: | Oak Grove, Louisiana 71263 |
| | Baton Rouge, Louisiana 70816 | Parish: | West Carroll |

SETTLEMENT OFFER (OPTIONAL)

(check the applicable option)

_____ The Respondent is not interested in entering into settlement negotiations with the Department with the understanding that the Department has the right to assess civil penalties based on LAC 33:I.Subpart1.Chapter7.

_____ In order to resolve any claim for civil penalties for the violations in **NOTICE OF POTENTIAL PENALTY (AE-PP-22-00252)**, the Respondent is interested in entering into settlement negotiations with the Department and would like to set up a meeting to discuss settlement procedures.

_____ The Respondent may submit the settlement offer within one hundred and eighty (180) days of receipt of this **NOTICE OF POTENTIAL PENALTY (AE-PP-22-00252)**.

_____ In order to resolve any claim for civil penalties for the violations in **NOTICE OF POTENTIAL PENALTY (AE-PP-22-00252)**, the Respondent is interested in entering into settlement negotiations with the Department and offers to pay \$ _____ which shall include LDEQ enforcement costs and any monetary benefit of non-compliance.

- Monetary component = \$ _____
- Beneficial Environmental Project (BEP) component (optional)= \$ _____
- **DO NOT SUBMIT PAYMENT OF THE OFFER WITH THIS FORM- the Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.**

_____ The Respondent has reviewed the violations noted in **NOTICE OF POTENTIAL PENALTY (AE-PP-22-00252)** and has attached a justification of its offer and a description of any BEPs if included in settlement offer.

CERTIFICATION STATEMENT

I certify, under provisions in Louisiana and United States law that provide criminal penalties for false statements, that based on information and belief formed after reasonable inquiry, the statements and information attached and the compliance statement above, are true, accurate, and complete. I also certify that I do not owe outstanding fees or penalties to the Department for this facility or any other facility I own or operate. I further certify that I am either the Respondent or an authorized representative of the Respondent.

| | | |
|--------------------------------------|----------------------------------|---------------------------|
| | | |
| Respondent's Signature | Respondent's Printed Name | Respondent's Title |
| | | |
| Respondent's Physical Address | Respondent's Phone # | Date |

MAIL COMPLETED DOCUMENT TO THE ADDRESS BELOW:

Louisiana Department of Environmental Quality
Office of Environmental Compliance
Enforcement Division
P.O. Box 4312
Baton Rouge, LA 70821
Attn: Alissa Cockerham

WHAT IS A SETTLEMENT AGREEMENT?

Once the Department has determined that a penalty is warranted for a violation, the Assistant Secretary of the Department, with the concurrence of the Attorney General, may enter into a settlement agreement with the Respondent as a means to resolve the Department's claim for a penalty.

HOW DOES THE SETTLEMENT AGREEMENT PROCESS WORK?

To begin the settlement agreement process, the Department must receive a written settlement offer. Once this offer is submitted, it is sent for approval by the Assistant Secretary of the Office of Environmental Compliance. The formal Settlement Agreement is drafted and sent to the Attorney General's office where the Attorney General has a 90 day concurrence period. During this time, the Respondent is required to run a public notice in an official journal and/or newspaper of general circulation in each affected parish. After which, a 45 day public comment period is opened to allow the public to submit comments. Once the Department has received concurrence, the settlement agreement is signed by both parties. The Department then forwards a letter to the responsible party to establish a payment plan and/or beneficial environmental project (BEP).

WHAT SHOULD I INCLUDE IN A SETTLEMENT AGREEMENT?

The Department uses the penalty determination method defined in LAC 33:1.705 as a guideline to accepting settlement offers. The penalty matrix is used to determine a penalty range for each violation based on the two violation specific factors, the nature and gravity of the violation and the degree of risk/impact to human health and property.

| | | NATURE AND GRAVITY OF THE VIOLATION | | |
|--|----------|-------------------------------------|----------------------------|----------------------------|
| | | MAJOR | MODERATE | MINOR |
| DEGREE OF RISK OR IMPACT TO HUMAN HEALTH OR PROPERTY | MAJOR | \$32,500 to \$20,000 | \$20,000 to \$15,000 | \$15,000 to \$11,000 |
| | MODERATE | \$11,000 to \$8,000 | \$8,000 to \$5,000 | \$5,000 to \$3,000 |
| | MINOR | \$3,000 to \$1,500 | \$1,500 to \$500 | \$500 to \$100 |

Degree of Risk to Human Health or Property

Major: (actual measurable harm or substantial risk of harm) A violation of major impact to an environmental resource or a hazard characterized by high volume and/or frequent occurrence and/or high pollutant concentration.

Moderate: (potential for measurable detrimental impact) A violation of moderate impact and hazard may be one characterized by occasional occurrence and/or pollutant concentration that may be expected to have a detrimental effect under certain conditions

Minor: (no harm or risk of harm) A violation of minor impact are isolated single incidences and that cause no measurable detrimental effect or are administrative in nature.

Nature and Gravity of the Violation

Major: Violations of statutes, regulations, orders, permit limits, or permit requirements that result in negating the intent of the requirement to such an extent that little or no implementation of requirements occurred .

Moderate: Violations that result in substantially negating the intent of the requirements, but some implementation of the requirements occurred.

Minor: Violations that result in some deviation from the intent of the requirement however, substantial implementation is demonstrated.

The range is adjusted using the following violator specific factors:

1. history of previous violations or repeated noncompliance;
2. gross revenues generated by the respondent;
3. degree of culpability, recalcitrance, defiance, or indifference to regulations or orders;
4. whether the Respondent has failed to mitigate or to make a reasonable attempt to mitigate the damages caused by the violation; and
5. whether the violation and the surrounding circumstances were immediately reported to the department, and whether the violation was concealed or there was an attempt to conceal by the Respondent.



Given the previous information, the following formula is used to obtain a penalty amount.

$$\text{Penalty Event Total} = \text{Penalty Event Minimum} + (\text{Adjustment Percentage} \times (\text{Penalty Event Maximum} - \text{Penalty Event Minimum}))$$

After this, the Department adds any monetary benefit of noncompliance to the penalty event. In the event that a monetary benefit is gained due to the delay of a cost that is ultimately paid, the Department adds the applicable judicial interest. Finally, the Department adds all response costs including, but not limited to, the cost of conducting inspections, and the staff time devoted to the preparation of reports and issuing enforcement actions.

WHAT IS A BEP?

A BEP is a project that provides for environmental mitigation which the respondent is not otherwise legally required to perform, but which the defendant/respondent agrees to undertake as a component of the settlement agreement. Project categories for BEPs include public health, pollution prevention, pollution reduction, environmental restoration and protection, assessments and audits, environmental compliance promotion, and emergency planning, preparedness and response. Other projects may be considered if the Department determines that these projects have environmental merit and is otherwise fully consistent with the intent of the BEP regulations.

WHAT HAPPENS IF MY OFFER IS REJECTED?

If an offer is rejected by the Assistant Secretary, the Legal Division will contact the responsible party, or anyone designated as an appropriate contact in the settlement offer, to discuss any discrepancies.

WHERE CAN I FIND EXAMPLES AND MORE INFORMATION?

- Settlement Offers searchable in EDMS using the following filters
Media: Air Quality, Function: Enforcement, Description: Settlement
- Settlement Agreements [Enforcement Division's website](#)
specific examples can be provided upon request
- Penalty Determination Method [LAC 33:I Chapter 7](#)
- Beneficial Environmental Projects [LAC 33:I Chapter 25](#)
[FAQs](#)
- Judicial Interest..... [provided by the Louisiana State Bar Association](#)

