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February 11, 2005

Mr. Art Williams
Director
Louisville Metro Air Pollution Control District
850 Barret Avenue
Louisville, KY 40204-1745

Dear Mr. Williams:

RE: Formal Comments Regarding STAR Program – Second Draft Regulations

Süd-Chemie Inc. (SCI) supports improving the quality of the air in Metro Louisville and will continue to work with the district and through Greater Louisville Inc. (GLI) to develop reasonable air toxics regulations. SCI appreciates the opportunity to submit comments regarding the STAR Program Second Draft Regulations.

SCI manufactures and supplies Industrial Catalysts and clay-based Rheological Additives (for paints and coatings) at our sites in Louisville. We have two main locations, one at 1227 South 12th Street and the other at 4900 Crittenden Drive. SCI employs at present 517 people in total at these two locations and is part of the Süd-Chemie Group, an international corporation with amongst other businesses a total of 16 catalyst manufacturing sites and two rheological additive sites all over the world.

The regulations and limits being proposed under the STAR program are of particular interest to SCI because we employ in one form or another in our manufacturing processes several of the materials on the list of chemicals targeted by the program. Almost every product we make in our catalyst plants contains one or more metal oxides. Chromium, Nickel, Antimony, Cobalt, Copper and/or Manganese are on the STAR list and are used to varying extents in several of our processes. SCI also employs Hydrochloric, Nitric and Sulfuric acids. We have controls and devices in place to insure against fugitive dust or emissions for each system where these materials are used. In the case of the metals or metal oxides, the concern would be dust; SCI has appropriate dust collection devices in place to make sure there are no releases or significant fugitive emissions.

SCI cooperated with the review conducted by the Greater Louisville Inc. (GLI) Air Subcommittee. We concur with GLI's comments on the STAR Program and by reference incorporate them into these comments.

SCI appreciated the opportunity to participate in the stakeholders meetings held during the informal comment period. SCI thanks the District for addressing two of our main concerns, lack of de minimus and Research and Development Laboratory exemptions, by incorporating allowances for these into the second draft. However, we still have significant concerns.

Issues of Concern to SCI

- It is SCI's contention that the STAR program as proposed will place our business at risk by adding unreasonable additional costs for controls and monitoring that in the end will not have a significant impact on air quality in Louisville.
- While SCI is in full compliance with current emission standards, the STAR program proposes levels under we feel unrealistic scenarios that would require that SCI to invest an estimated **\$15-20 million in additional redundant pollution control devices**. Beyond this capital investment there would be ongoing added personnel and operating costs estimated in the hundreds of thousands of dollars range for generation and administration of the additional records STAR would require. SCI has annual sales of \$130-150 million, so these added costs would have quite an impact, and would inevitably place SCI at a very significant disadvantage with regard to our operating and capital costs.

In our case maintaining cost-competitiveness with regard to other companies in areas outside Louisville is one critical factor, but we must also remain cost competitive with regard to other sites in our own SC Group of companies. There are alternate systems in place elsewhere in the Group where almost every product made in Louisville in SCI's plant can be made. Essentially all of our products can be made in other SC plants in other countries at competitive costs. While profitable now, the very significant added costs arising from the STAR program would in the end make it difficult for SCI to remain an employer in Jefferson County.

- The STAR program is designed around assumptions that the facility operates on a steady state mode, for extended periods of time. SCI's facility operates as a custom batching plant. Our processes and our operating schedules are defined based on customer orders, and it is difficult for us to project process emissions beyond current orders. For the same reason to evaluate the possible emissions presents an unfair challenge (burden) upon SCI. And then if forced to use a "worst case" approach to the evaluation, SCI projections will be unrealistically high.
- Modeling protocols identified in both the regulations and the public meetings do not provide for the consideration of an urban located facility spanning public streets such as SCI's. Said another way the models seem to assume people live on the streets. Models should allow use of the actual location of residences.
- The development of these regulations without involvement of qualified toxicologists resulted in excess conservatism in the risk exposure presumptions that result in Air Toxic Contamination Levels up to 1 million times more stringent than current regulations.

The WLATS study showed elevated risks from 18 chemicals in ambient air in specific areas of the city. The STAR program as written greatly exceeds the mandate of that study. SCI considers the addition of the Category 2, 3 and 4 chemicals and chemical compounds excessive and unnecessary. Testing has not been done to show emissions of these chemicals are imposing elevated risks. SCI has conducted studies involving many of the inorganic chemicals from all four Air Toxic Categories demonstrating no elevated risks to our employees. The general public's opportunity for exposure is far below that of our employees. Current regulation of these chemicals must then be sufficient to protect the health of



residents of Jefferson County. Where there may be elevated risks from other industries, additional Federal air toxic programs (MACT standards, residual risk, Total Facility Low Risk Demonstration Rule) over the next several years will address many of the Category 2, 3 and 4 compounds. The STAR program does not take any of these programs into consideration.

SCI continues to make improvements in air emission controls as we add new production lines and improve current operations. This results in higher air quality both inside our facility and in the Louisville Metro area. The summing of plant-wide risk levels creates a greatly exaggerated value that assumes maximum exposure occurs at the same receptor point at the same time. This creates impossible exposure scenarios, and in turn generates unusually high cumulative risk levels. The STAR program's inappropriate risk summing and artificially high risk limits will result in disproportionately higher compliance costs for Louisville Metro facilities, making our facilities and others less competitive; in the end, manufacturing will leave the Louisville Metro area.

Conclusion

SCI respectfully requests that APCD and the Board consider all of the points brought forth above, as well as those brought forth by GLI and other Louisville Metro industry and associations. Again, SCI supports the improvement of air quality in the Louisville Metro area and the health of its citizens. But the STAR program must be revised further to allow for the coexistence of improved air quality and the growth of jobs and economic vitality.

Respectfully Yours,

A handwritten signature in black ink that reads 'J Ray'.

John A. Ray
Executive Vice President