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NEWS RELEASE

Air Pollution Control District Enforcement Aids in Obtaining \$13 Million Civil Settlement of Air Violations by Sierra Pacific Industries

The Placer County Air Pollution Control District, with the California Attorney General and the California Air Resources Board, has reached a nearly \$13 million settlement of a jointly prosecuted air pollution enforcement case against Sierra Pacific Industries (SPI), a timber operations company and California's largest private landowner.

SPI, headquartered in Anderson, agreed to settle a civil complaint brought in 2004 alleging numerous violations of air pollution regulations. The complaints alleged that SPI operated saw mills and wood-fired boilers at their Lincoln, Quincy, Loyalton, and Susanville (now closed) facilities in violation of their air pollution control permits.

"The joint prosecution of this environmental enforcement case by the Placer Air Pollution Control District staff, the California Air Resources Board staff and the Attorney General's office was a model of cooperative effort and shared commitment on an extremely complex case," said Placer County Air Pollution Control Officer Thomas Christofk. "The settlement duly recognizes the severity of the alleged past violations by Sierra Pacific Industries, while seeking to enhance the company's future ability to comply with air pollution requirements and provide air quality benefits for the public."

Among the alleged air quality violations in the civil complaint were: falsification of emission reports as a result of operator tampering with monitoring equipment; failure to report emission exceedences and exceeding permit emission limits on a multitude of occasions over several years; failure to operate and maintain air pollution control equipment; and discharging soot from the Lincoln facility that caused nuisances to nearby residences.

SPI has taken steps since the alleged violations occurred to improve the company's compliance with air pollution regulations and permits. For example, the company recently invested over \$17 million for the installation of a new boiler and turbine at its Lincoln cogeneration plant.

The settlement includes approximately \$8.5 million in penalties and public agency costs and fees. SPI will also spend \$4.5 million for projects to enhance future compliance of their operations in California or to benefit air quality. As part of the settlement, SPI will ensure that all conditions alleged in the complaints do not occur in the future.

"The penalties paid here demonstrate the importance of every stationary source, located anywhere in California, operating within the health-protective emissions limits and other conditions set by permit," said California Air Resources Board Chairman Robert Sawyer. "We are also pleased that with the projects required by this agreement, SPI appears to have changed from the systematic noncompliance we alleged to doing real environmental good and serving as a potential compliance model."

Included among the \$4.5 million dollars in projects that SPI is to fund, are:

- \$600,000 for regular compliance and environmental audits at Quincy, Lincoln, and other SPI facilities.
- \$450,000 for air monitoring equipment enhancements, with remote polling capability, at the Quincy and Lincoln facilities;
- \$300,000 for a new ash containment system at the Quincy facility;
- \$100,000 to conduct an ammonia injection optimization study at the Lincoln facility, plus funds to conduct other expert studies to resolve possible future compliance issues between the Placer air district and SPI;
- Ensure that alarms for detecting rising levels of air pollutants are installed and in good working order at the Quincy and Lincoln facilities;
- Boiler system modifications at the Quincy facility; and
- Potentially up to \$1,000,000 to increase biomass to energy use by removing excess vegetation from public lands for use as fuel by co-generation facilities, thereby reducing wildfire risks as well as the alternate disposal impacts on air quality which often involve prescribed fire activities.

To the extent funds remain, the following projects may be partially funded:

- Up to \$1,400,000 for fuel storage and feed system enhancements in Quincy;
- Up to \$3,000,000 for early replacement and scrappage of 28 on-road heavy duty diesel trucks that do not meet newer emission standards; and
- Up to \$1,000,000 for an emission control system for the Quincy wood-fired boiler.

"From our perspective, regarding the Lincoln facility, we have reached this settlement for all past air quality violations," said Christofk. "For all intents and purposes, as we move forward we are starting with a 'clean slate' with SPI."

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