COMMONWEALTH of VIRGINIA

DEPARTMENT OF ENVIRONMENTAL QUALITY
Blue Ridge Regional Office
www.deq.virginia.gov

Molly Joseph Ward
Secretary of Natural Resources

David K. Paylor
Director

Robert J. Weld
Regional Director

Lynchburg Office
7705 Timberlake Road
Lynchburg, Virginia 24502
(434) 582-5120
Fax (434) 582-5125

Roanoke Office
3019 Peters Creek Road
Roanoke, Virginia 24019
(540) 562-6700
Fax (540) 562-6725

STATE AIR POLLUTION CONTROL BOARD ENFORCEMENT ACTION - ORDER BY CONSENT ISSUED TO WESTROCK VIRGINIA CORPORATION FOR THE WESTROCK VIRGINIA CORPORATION – COVINGTON Registration No. 20328

SECTION A: Purpose

This is a Consent Order issued under the authority of Va. Code §§ 10.1-1309 and -1316, between the State Air Pollution Control Board and WestRock Virginia Corporation, regarding its Covington, Virginia facility, for the purpose of resolving certain alleged violations of the Virginia Air Pollution Control Law and the applicable permits and regulations.

SECTION B: Definitions

Unless the context clearly indicates otherwise, the following words and terms have the meaning assigned to them below:

1. "Board" means the State Air Pollution Control Board, a permanent citizens' board of the Commonwealth of Virginia, as described in Va. Code §§ 10.1-1184 and -1301.

2. "BRRO" means the Blue Ridge Regional Office of DEQ, located in Roanoke, Virginia.

3. "CFR" means the Code of Federal Regulations, as incorporated into the Regulations.

4. "Department" or "DEQ" means the Department of Environmental Quality, an agency of the Commonwealth of Virginia, as described in Va. Code § 10.1-1183.

5. "Director" means the Director of the Department of Environmental Quality, as described in Va. Code § 10.1-1185.

6. "Facility" means the WestRock Virginia Corporation pulp and paper production mill facility, located at 104 East Riverside Street, Covington, Virginia. The Facility was previously operated under the legal name of MeadWestvaco Virginia Corporation until a business combination occurred on July 1, 2015.

7. "Notice of Violation" or "NOV" means a type of Notice of Alleged Violation under Va. Code § 10.1-1309.

8. "Order" means this document, also known as a "Consent Order" or "Order by Consent," a type of Special Order under the Virginia Air Pollution Control Law.

9. "PCE" means a partial compliance evaluation by DEQ staff.

10. "Permit" means a New Source Review permit to modify and operate a pulp and paper production mill, which was issued under the Virginia Air Pollution Control Law and the Regulations to MeadWestvaco Virginia Corporation on August 26, 2013. The Permit was previously issued in the legal name of MeadWestvaco Virginia Corporation until a business combination occurred on July 1, 2015 which resulted in the new legal name of WestRock Virginia Corporation.

11. "Regulations" or "Regulations for the Control and Abatement of Air Pollution" mean 9 VAC 5 chapters 10 through 80.

12. "Va. Code" means the Code of Virginia (1950), as amended.

13. "VAC" means the Virginia Administrative Code.

14. "Virginia Air Pollution Control Law" means Chapter 13 (§ 10.1-1300 *et seq.*) of Title 10.1 of the Va. Code.

15. "WestRock" means WestRock Virginia Corporation, a corporation authorized to do business in Virginia and its affiliates, partners, and subsidiaries. WestRock is a "person" within the meaning of Va. Code § 10.1-1300.

SECTION C: Findings of Fact and Conclusions of Law

1. WestRock owns and operates the Facility in Covington, Virginia.

2. The Department issued the Permit which authorizes WestRock to modify and operate a stationary source of air pollution. The Permit contains conditions and enumerates emission limitations on the air emissions from the Facility. The permit includes designated equipment subject to New Source Performance Standards and designated

equipment subject to National Emission Standards for Hazardous Air Pollutants for Source Categories.

3. WestRock conducted a stack test on the No. 1 Power Boiler during the period of March 31, 2015 to April 1, 2015, as required by the Permit. Department staff observed the testing and noted that several bag-break detectors in the baghouse were alarming during the test. WestRock staff stated that the alarms were the result of bad sensors and the sensors were scheduled to be replaced. After the stack test was completed, WestRock staff conducted maintenance to replace the sensors and discovered that several of the bags had developed holes and those bags were replaced.

4. On May 28, 2015, WestRock submitted the results of the stack test to the Department.

5. On June 9, 2015, Department staff conducted a PCE of the submittal and noted the following factual observations.

   i) The submittal documented that the filterable particulate matter ("PM") from No. 1 Power Boiler was sampled and analyzed to be 0.0357 lbs/MMBTU.

   ii) This emission rate was above the PM limit set in 40 CFR Part 63, Subpart DDDDD and the Permit PM limit of 0.0098lb/MMBTU.

6. On May 7, 2015, WestRock conducted a second stack test on the No. 1 Power Boiler, as required by the Permit. The stack test was for PM only and the steam rates and biomass feed rates were comparable to the previous stack test. The second stack test results indicated an emission rate of PM to be 0.0039 lbs/MMBTU which demonstrates compliance with the applicable emission limits.

7. On July 8, 2015, based on the June 9, 2015 PCE, the Department issued NOV No. ABRRO000203 to WestRock for the violations described in paragraph C(5), above.

8. Based on the results of the June 9, 2015 PCE, the Board concludes that WestRock has violated Permit condition 37 and Subpart DDDDD of Part 63 – Emission Limits for New or Reconstructed Boilers and Process Heaters, as described in paragraph C(5), above.

9. WestRock has submitted documentation that verifies that the violation described in paragraphs C(5), above, has been corrected.

SECTION D: Agreement and Order

Accordingly, by virtue of the authority granted it in Va. Code §§ 10.1-1309 and -1316, the Board orders WestRock, and WestRock agrees to pay a civil charge of **$28,788** within 30 days of the effective date of the Order in settlement of the violations cited in this Order.

Payment shall be made by check, certified check, money order or cashier's check payable to the "Treasurer of Virginia," and delivered to:

Receipts Control
Department of Environmental Quality
Post Office Box 1104
Richmond, Virginia 23218

WestRock shall include its Federal Employer Identification Number (FEIN) 54-1661753 with the civil charge payment and shall indicate that the payment is being made in accordance with the requirements of this Order for deposit into the Virginia Environmental Emergency Response Fund (VEERF). If the Department has to refer collection of moneys due under this Order to the Department of Law, WestRock shall be liable for attorneys' fees of 30% of the amount outstanding.

SECTION E: Administrative Provisions

1. The Board may modify, rewrite, or amend this Order with the consent of WestRock for good cause shown by WestRock, or on its own motion pursuant to the Administrative Process Act, Va. Code § 2.2-4000 *et seq.*, after notice and opportunity to be heard.

2. This Order addresses and resolves only those violations specifically identified in Section C of this Order. This Order shall not preclude the Board or the Director from taking any action authorized by law, including but not limited to: (1) taking any action authorized by law regarding any additional, subsequent, or subsequently discovered violations; (2) seeking subsequent remediation of the facility; or (3) taking subsequent action to enforce the Order.

3. For purposes of this Order and subsequent actions with respect to this Order only, WestRock admits to the jurisdictional allegations, and agrees not to contest, but neither admits nor denies, the findings of fact and conclusions of law in this Order.

4. WestRock consents to venue in the Circuit Court of the City of Richmond for any civil action taken to enforce the terms of this Order.

5. WestRock declares it has received fair and due process under the Administrative Process Act and the Virginia Air Pollution Control Law and it waives the right to any hearing or other administrative proceeding authorized or required by law or regulation, and to any judicial review of any issue of fact or law contained herein. Nothing herein shall be construed as a waiver of the right to any administrative proceeding for, or to judicial review of, any action taken by the Board to modify, rewrite, amend, or enforce this Order.

6. Failure by WestRock to comply with any of the terms of this Order shall constitute a violation of an order of the Board. Nothing herein shall waive the initiation of appropriate enforcement actions or the issuance of additional orders as appropriate by the Board or the Director as a result of such violations. Nothing herein shall affect appropriate enforcement actions by any other federal, state, or local regulatory authority.

7. If any provision of this Order is found to be unenforceable for any reason, the remainder of the Order shall remain in full force and effect.

8. WestRock shall be responsible for failure to comply with any of the terms and conditions of this Order unless compliance is made impossible by earthquake, flood, other acts of God, war, strike, or such other unforeseeable circumstances beyond its control and not due to a lack of good faith or diligence on its part. WestRock shall demonstrate that such circumstances were beyond its control and not due to a lack of good faith or diligence on its part. WestRock shall notify the DEQ Regional Director verbally within 24 hours and in writing within three business days when circumstances are anticipated to occur, are occurring, or have occurred that may delay compliance or cause noncompliance with any requirement of the Order. Such notice shall set forth:

   a. the reasons for the delay or noncompliance;

   b. the projected duration of any such delay or noncompliance;

   c. the measures taken and to be taken to prevent or minimize such delay or noncompliance; and

   d. the timetable by which such measures will be implemented and the date full compliance will be achieved.

   Failure to so notify the Regional Director verbally within 24 hours and in writing within three business days, of learning of any condition above, which the parties intend to assert will result in the impossibility of compliance, shall constitute a waiver of any claim to inability to comply with a requirement of this Order.

9. This Order is binding on the parties hereto and any successors in interest, designees and assigns, jointly and severally.

10. This Order shall become effective upon execution by both the Director or his designee and WestRock.

11. This Order shall continue in effect until:

    a. The Director or his designee terminates the Order after WestRock has completed all of the requirements of the Order;

b. WestRock petitions the Director or his designee to terminate the Order after it has completed all of the requirements of the Order and the Director or his designee approves the termination of the Order; or

c. the Director or Board terminates the Order in his or its sole discretion upon 30 days' written notice to WestRock.

Termination of this Order, or any obligation imposed in this Order, shall not operate to relieve WestRock from its obligation to comply with any statute, regulation, permit condition, other order, certificate, certification, standard, or requirement otherwise applicable.

12. Any plans, reports, schedules or specifications attached hereto or submitted by WestRock and approved by the Department pursuant to this Order are incorporated into this Order. Any non-compliance with such approved documents shall be considered a violation of this Order.

13. The undersigned representative of WestRock certifies that he or she is a responsible official authorized to enter into the terms and conditions of this Order and to execute and legally bind WestRock to this document. Any documents to be submitted pursuant to this Order shall also be submitted by a responsible official of WestRock.

14. This Order constitutes the entire agreement and understanding of the parties concerning settlement of the violations identified in Section C of this Order, and there are no representations, warranties, covenants, terms or conditions agreed upon between the parties other than those expressed in this Order.

15. By its signature below, WestRock voluntarily agrees to the issuance of this Order.

And it is so ORDERED this 18th day of February, 2016.

Robert J. Weld, Regional Director
Department of Environmental Quality

WestRock Virginia Corporation voluntarily agrees to the issuance of this Order.

Date: 02/09/16 By: Richard J. Watro

Richard J. Watro
Mill Manager/VP Covington Operations
WestRock Virginia Corporation

Commonwealth of Virginia
City/County of Alleghany

The foregoing document was signed and acknowledged before me this 9 day of February, 2016, by Richard J. Watro who is Mill Manager/VP Covington Operations of WestRock Virginia Corporation, on behalf of the corporation.

Kristal N. Mayberry
Notary Public

7577209
Registration No.

My commission expires: 10/31/2017.

Notary seal:

KRISTAL N MAYBERRY
NOTARY PUBLIC
COMMONWEALTH OF VIRGINIA
MY COMMISSION EXPIRES OCT. 31, 2017
COMMISSION # 7577209