

**THE STATE OF SOUTH CAROLINA
BEFORE THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL**

**IN RE: NEW-INDY CATAWBA LLC
YORK COUNTY**

**CONSENT ORDER TO CORRECT UNDESIRABLE LEVELS OF AIR
CONTAMINANTS**

New-Indy Catawba LLC (“New-Indy”) operates a kraft pulp and paper mill located at 5300 Cureton Ferry Rd., Catawba, York County, South Carolina (“Facility” or “mill”). On May 7, 2021, after determining the Facility is a source of an undesirable level of air contaminants, the South Carolina Department of Health and Environmental Control (“Department”) issued an order pursuant to S.C. Code § 48-1-120 requiring New-Indy to complete certain activities to ensure the prompt correction of the undesirable levels. Although New-Indy has taken a number of corrective actions since the issuance of the order, the parties agree that additional remedial action is necessary to sustain the progress made and correct the undesirable level of air contaminants.

This Consent Order (“Order”) is issued to protect the public health and welfare of any citizen of the State impacted by emissions or discharges from the Facility and the State’s environment and amends and replaces the Order to Correct Undesirable Level of Air Contaminants issued on May 7, 2021. The Department believes that compliance with this Order will resolve any public health and welfare issue arising from such emissions or discharges.

FINDINGS OF FACT

1. New-Indy Catawba LLC (“New-Indy”) owns and is responsible for the operation and maintenance of a kraft pulp and paper mill located at 5300 Cureton Ferry Rd, Catawba, SC, in York County.

2. New-Indy purchased the Facility from Resolute FP US Inc. on or about December 31, 2018. Commencing in 1957 and continuing until 2020, New-Indy and its predecessor owners of the Facility produced bleached pulp and paper at the facility. After New-Indy purchased the mill, New-Indy converted the mill from producing bleached white paper to unbleached containerboard at the Facility.
3. The Facility reported to DHEC that it began to make commercial quantities of brown paper (unbleached containerboard) on February 1, 2021.
4. In 2019, New-Indy sought and received permits to convert the mill from the manufacture of bleached paper grades to unbleached or brown paper.
5. New-Indy operates the Facility pursuant to a Title V Operating Permit, Permit Number TV-2440-0005, issued on May 7, 2019, by the Air Permitting Division of the Department's Bureau of Air Quality ("Title V Permit").
6. New-Indy operates the Facility pursuant to a National Pollutant Discharge Elimination System Permit, Permit Number SC0001015, issued on July 27, 2009, by the Water Facilities Permitting Division of the Department's Bureau of Water Quality ("Facility NPDES Permit"). A timely application for renewal of the Facility NPDES Permit was filed and that renewal application remains pending.
7. New-Indy was issued Construction Permit #2440-0005-DF on July 23, 2019, in accordance with state and federal air quality regulations and standards, to allow the Facility to modify its processes to convert from bleached paper production to unbleached, brown paper production. The construction permit was revised on May 13, 2020, to allow the Facility to hard pipe its condensates to the wastewater treatment plant. 40 C.F.R. 63, Subpart S, allows this hard piping as a compliance option.

8. As part of its operations, the Facility emits and discharges total reduced sulfur (“TRS”) compounds.
9. In February 2021, after receiving odor complaints in York and Lancaster counties, in the vicinity of the Facility, described as rotten egg and chemical odors, DHEC immediately began an investigation to determine the source of the odors.
10. By early March 2021, the number of odor complaints from Lancaster, York and adjoining North Carolina counties increased dramatically. On March 12, 2021, DHEC set up a public web page to provide updates on its odor investigation and provided a form for residents to report the location and description of observed odors. The majority of the complaints originated from the population centers north and northeast of the mill.
11. After receiving the odor complaints, DHEC immediately began an investigation to determine the source of the odors and determined that the Facility was the primary source of air emissions causing the reported odors. The complaints alleged the odor was injurious to the welfare and quality of life and was interfering with use and enjoyment of property. As part of its investigation, DHEC investigated whether or not an odor was present and referred complainants with health concerns to their individual health care providers.
12. The United States Environmental Protection Agency (“EPA”) conducted geospatial monitoring to identify sources of the odor in the nearby vicinity. EPA data validated the Department’s determination that the Facility was at that time the primary source of undesirable levels of air contaminants.
13. On May 7, 2021, the Department issued a Determination of Undesirable Levels and Order to Correct Undesirable Level of Air Contaminants, pursuant to S.C. Code § 48-1-120, requiring New-Indy to complete certain activities to ensure the prompt correction of the undesirable levels. New-Indy did not file a request for review to challenge this order.

14. In August 2021, New-Indy submitted to DHEC an AERMOD air dispersion modeling analysis that analyzed H₂S, TRS, and sulfur dioxide (“SO₂”) emissions from the Facility. The model demonstrated the Facility’s compliance with Standards No. 2 and No. 8.
15. New-Indy installed and currently operates three onsite fence line monitors that are denoted as Station 1, Station 2, and Station 3 on Exhibit A (“Fence Line Monitors”). The location of these Fence Line Monitors was selected in consultation and coordination with the EPA.
16. New-Indy installed and currently operates “Offsite Monitors” in the Facility’s vicinity and are denoted as Catawba Headstart, Tree Tops, Liberty Hill, Riverchase Estates, and Millstone Creek on Exhibit B. The location of these Offsite Monitors was selected in consultation and coordination with the Department and the EPA.
17. New-Indy has conducted evaluations and process enhancements at the Facility to address the undesirable levels, including but not limited to the following:
 - a. completing a screening analysis of H₂S emissions at the Facility;
 - b. restarting the steam stripper as an additional method of treating the foul condensate in addition to hard-piping directly to the ASB;
 - c. installing the Oxidation Reduction Potential (ORP) monitor with the hydrogen peroxide feedback loop;
 - d. installing a new spill collection system which will pickup process material that reaches the sewer system and put it back in the process system to be reused, reducing the load on the wastewater treatment system;
 - e. installing a permanent Post Aeration Basin (PAB) cover and filter system, which helps removes H₂S and other pollutants from being emitted into the ambient air;
 - f. removing the layer of fiber from the surface of the ASB;

- g. developing a chemical treatment program for the wastewater treatment system, including the use of oxygen, ferric chloride, and hydrogen peroxide in precise locations in the system to minimize hydrogen sulfide generation;
 - h. installing and starting the operation of two turbulators in the ASB, which pull oxygen from above the water surface down a steel chute to oxygenate below the surface of water;
 - i. repairing existing aerators and installing two new aerators; and
 - j. installing a chemical system that naturally reduces hydrogen sulfide and associated odors.
- 18. The Department has conducted site investigations at the Facility in all environmental media since February 1, 2021.
- 19. Based on the available data, proximity to the Facility and wind direction are factors in the quantity of reports of adverse impacts from the operations of the facility. Based on current data and evidence, the appropriate focus for evaluating and addressing future odor reports is within five miles of the Facility's property line. Notwithstanding the foregoing, DHEC will investigate any odor reports not encompassed within the scope of this investigation to identify any source of any odor.
- 20. Based on the available data and evidence, the hydrogen sulfide (H₂S) concentrations at New Indy's and DHEC's air monitors have significantly declined due to improvements being made by New Indy. As New Indy continues to manage the sludge onsite, there could be periods of odor. Facilities like paper mills can emit odors even when operating in full compliance with all applicable standards, laws, and regulations. This order provides assurances that the prior circumstances that created the undesirable level of air contaminants do not reoccur.

21. New-Indy provides the results of its daily monitoring data, updates on its upgrades and improvements, and provides a “frequently asked questions” section on its publicly available website.¹
22. New-Indy created a Twitter® account for the Facility, which publishes updates and progress reports to DHEC and the general public on the mill undertakings, with an emphasis on its compliance, remediation, and mitigation efforts.²
23. On June 29, 2022, the Department and New-Indy entered into Consent Order 22-042-W to resolve alleged violations of the Pollution Control Act, S.C. Code §§ 48-1-10, *et seq.*, and Water Pollution Control Permits, S.C. Code Regs. 61-9.122.1, *et seq.*, for failure to operate the WWTF in accordance with the NPDES Permit issued by the Department.

CONCLUSIONS OF LAW

WHEREAS, Section 48-1-20 of the South Carolina Pollution Control Act (“PCA”) declares it to be the public policy of the State “to maintain reasonable standards of purity of the air and water resources of the State, consistent with the public health, safety and welfare of its citizens, maximum employment, the industrial development of the State, the propagation and protection of terrestrial and marine flora and fauna, and the protection of physical property and other resources” and grants the Department the authority to abate, control and prevent pollution;

WHEREAS, Section 48-1-50 of the PCA authorizes the Department to settle or compromise any action under the Act as it may deem advantageous to the State;

WHEREAS, Section 48-1-120 of the PCA provides that the Department shall take such action as necessary to control an undesirable level of air contaminants;

¹ See <https://newindycatawba.com/>.

² See <https://twitter.com/NewIndyCatawba>.

WHEREAS, the Department has determined that future undesirable levels of air contaminants from operations of the Facility must be prevented; and

WHEREAS, the Department has determined it to be advantageous to the State to enter this consent order to require the actions it has deemed necessary to control an undesirable level of air contaminants being emitted from the Facility.

NOW THEREFORE, IT IS ORDERED, CONSENTED TO AND AGREED, pursuant to the Pollution Control Act, S.C. Code § 48-1-120, that New-Indy Catawba LLC shall comply with the following:

1. In accordance with the Quality Assurance Project Plan (QAPP) for H2S Monitoring at the New-Indy Catawba Mill, dated October 12, 2022, and approved by the EPA on October 30, 2022, New-Indy shall continue to operate and maintain the three (3) existing Fence Line Monitors and associated data collection equipment for continuous measurement and reporting of H2S. The Fence Line Monitors shall have a minimum detection limit of 0.4 parts per billion (ppb) by volume (ppbV) H2S or lower, shall have a span range up to 1000 ppbV or higher, and shall be operated in accordance with the manufacturer's recommendations. New-Indy shall allow the Department access to the monitors and publish data collected by New-Indy.
2. New-Indy shall operate and maintain, in accordance with the procedures set forth in a QAPP, two (2) additional monitors on-site solely for additional analysis in the following locations:
 - a. At or near the entrance from Highway S.C. 5 to the New-Indy Scale House; and
 - b. Southwest of the Facility on the berm south of Holding Pond #2.
3. Within sixty (60) days of the execution of this order, New-Indy shall provide a QAPP for sampling utilizing SUMMA canisters at two onsite downwind locations to be agreed upon

for each potential source area (ASB Zone 1, Sludge Pond 4, Holding Pond 1, and Paper Machine/Recovery Furnace/Causticizing area). Sampling (i.e., three sequential 8-hour samples over a 24-hour period) should be conducted for a period of time sufficient to characterize emissions during current operating conditions (e.g., consistent with EPA 12-day sample protocol for three months) and identify the presence of and quantify the following TRS compounds: hydrogen sulfide, methyl mercaptan, dimethyl sulfide, and dimethyl disulfide. Analytic limits must be comparable to:

Analyte	CAS #	LOQ (ppbV)	DL (ppbV)	LOD (ppbV)
Hydrogen Sulfide	7783-06-4	10.5	1.09	2.2
Methyl Mercaptan	74-93-1	10.5	1.08	2.2
Dimethyl Sulfide	75-18-3	11.0	1.12	2.2
Dimethyl Disulfide	624-92-0	11.0	2.24	4.5

If the SUMMA canister results for a site locations exceeds the following concentration limits, then the QAPP must include sampling at a minimum of one offsite community location for any such TRS compound. The concentration limits shall be as follows:

TRS Compound	Limits (time weighted average over 8 hours)
Hydrogen Sulfide	1 ppm
Methyl Mercaptan	0.5 ppm
Dimethyl Sulfide	10 ppm
Dimethyl Disulfide	0.5 ppm

4. New-Indy must install, operate, and maintain a primary stripper that is adequately sized to collect and treat all foul condensate streams in accordance with applicable state and federal air quality regulations. The primary stripper shall use low pressure steam and must be designed for both methanol and sulfur compound removal with the off gases being treated in the recovery boilers to absorb the sulfur compounds in the stripper off gas. New-Indy must complete preliminary engineering and submit a construction permit application for

the primary stripper within one hundred and twenty (120) days of the execution of this order. New-Indy must order the primary stripper within thirty (30) days of submitting the application for the air construction permit. Within thirty (30) days of receiving the air construction permit, New-Indy must start civil engineering preparation. Within (30) days of receiving the primary stripper, New-Indy must start installation and testing. New-Indy must complete startup operations and place the primary stripper into operation no later than June 30, 2025.

5. New-Indy must optimize, operate, and maintain the existing stripper at its current design capacity to allow it to be operated independently of the primary stripper.
6. New-Indy shall operate its steam stripper system, comprised of the primary stripper and the existing stripper, in accordance with all applicable state and federal air quality regulations. At least 48 hours prior to any planned downtime and within 24 hours of unplanned downtime for which the primary stripper will not be operational (and for the existing stripper when it should be operating but will not be), New-Indy must provide notification to the Department and the public.
7. In the event the stripping system is out of service and foul condensate must be discharged to the ASB, New-Indy must use automated control of addition of a chemical oxidant, hydrogen peroxide, to treat the unstripped foul condensate prior to discharging into the ASB to maintain a rolling 90-minute average ORP of the foul condensate above 0 millivolts.
8. Until such time as the primary stripper is placed into operation, New-Indy must continue measures it has placed into operation to minimize odors, including the injection of calcium nitrate and hydrogen peroxide into the wastewater stream. During any period that foul condensate flow to the ASB is increased because the stripping system is not operating, it

must maintain the ORP monitor and provide to the Department each hour during such period a report showing in a table the instantaneous (no less than one minute interval) data with 10-minute average values.

9. New-Indy shall operate and maintain the wastewater treatment system in compliance with the Consent Order dated June 29, 2022, regarding the facility's wastewater treatment facility. This order is attached as Exhibit C and all of its requirements are incorporated herein by reference, including the Preliminary Engineering Report (PER), and any amendments or revisions that may be agreed upon by New-Indy and the Department. The approved PER must address the aerated stabilization basin (ASB), the equalization basin (EQ Basin), solids loading in the WWTF, and parallel systems for the clarifier.
10. Based on current data and evidence, New-Indy must maintain a defined process for (1) receiving and responding to citizen odor reports within a five mile radius of the facility, (2) notifying downwind areas immediately in an emergency situation, and (3) effective and diverse notification to the community of any activities onsite that may reasonably lead to an exceedance of the EPA fence line limit. The approved process is attached as Exhibit D and all of its requirements are incorporated herein by reference. New-Indy must seek Department approval for any modifications to the approved process. With the operation of two additional onsite monitors as required by the Order and because the Offsite Monitors have not shown concentrations above levels of concern, this process replaces a requirement for offsite monitoring and the Offsite Monitors will be discontinued and removed not more than 30 days after the effective date of this order and notification to the public.
11. New-Indy shall submit reports to the Department regarding the implementation of this Order to NewIndyOrderReports@dhec.sc.gov. For twelve consecutive months after execution of this order, the reports shall be submitted monthly on the 1st business day of

the month. Thereafter, reports shall only be submitted every three months on the 1st business day of the month until this order terminates.

12. Unless otherwise noted herein, communications regarding this Order and its requirements shall be addressed as follows:

Office of General Counsel
2600 Bull Street
Columbia, SC 29201
803-896-8994
martinsv@dhec.sc.gov

13. This order shall terminate in its entirety six months following operation of the new stripper and completion of the actions set forth in the approved PER for the proper functioning and management of the WWTF. The monitoring requirements set forth in Paragraph 2 of this section may terminate at the earlier of (a) when New-Indy has operated for at least three years without exceeding average concentration limits of H₂S of 600 ppb in any 30-minute period or 70 ppb in any seven-day period or (b) the primary stripper set forth in Paragraph 4 being placed in operation. To confirm termination of this order in its entirety or to terminate the monitoring requirements prior to termination of this order in its entirety, New-Indy must submit a request for termination to the Department. If the Department confirms the requirements have been met for the requested termination, the Department shall provide written confirmation of termination.

IT IS FURTHER UNDERSTOOD AND AGREED that nothing in this Order is intended to or should be construed to interfere with the current and ongoing assessment and remedial investigation and obligations pursuant to the Voluntary Cleanup Contract entered between the Department and New-Indy, titled Voluntary Cleanup Oversight Contract, 18-6120-VOC, in the matter of Bowater-Catawba Pulp and Paper Mill, York County and New-Indy Catawba LLC.

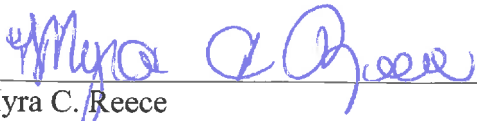
IT IS FURTHER UNDERSTOOD AND AGREED that if any event occurs which causes or may cause a delay in meeting any of the deadlines included in this Order, New-Indy shall notify the Department in writing at least thirty (30) days before the scheduled date, if practicable, as determined by the Department. New-Indy shall describe in detail the anticipated length of the delay, the precise cause or causes of delay, if ascertainable, the measures taken or to be taken to prevent or minimize the delay, and the timetable by which New-Indy propose that those measures will be implemented. Any extension shall be granted at the sole discretion of the Department, incorporated by reference as an enforceable part of this Order, and, thereafter, be referred to as an attachment to this Consent Order.

IT IS FURTHER ORDERED AND AGREED that failure to comply with any provision of this Order shall be grounds for enforcement action pursuant to the Pollution Control Act, S.C. Code Ann. § 48-1-330, to include the assessment of civil penalties. Additionally, the Department reserves the right to take administrative, civil, emergency, or other action, related to the operation of the Facility, including, but not limited to, the matters addressed herein.

THE PARTIES UNDERSTAND that the “effective date” of the order is the date the order is signed by the Director of Environmental Affairs.

[Signature Pages Follow]

**SOUTH CAROLINA DEPARTMENT OF
HEALTH AND ENVIRONMENTAL CONTROL**



Myra C. Reece
Director of Environmental Affairs

Date: 11-23-2022

NEW-INDY CATAWBA LLC



Tony Hobson
Senior Vice President
Strategic Planning and Kraft Operations

Date: 11-23-22

EXHIBIT A



EXHIBIT B

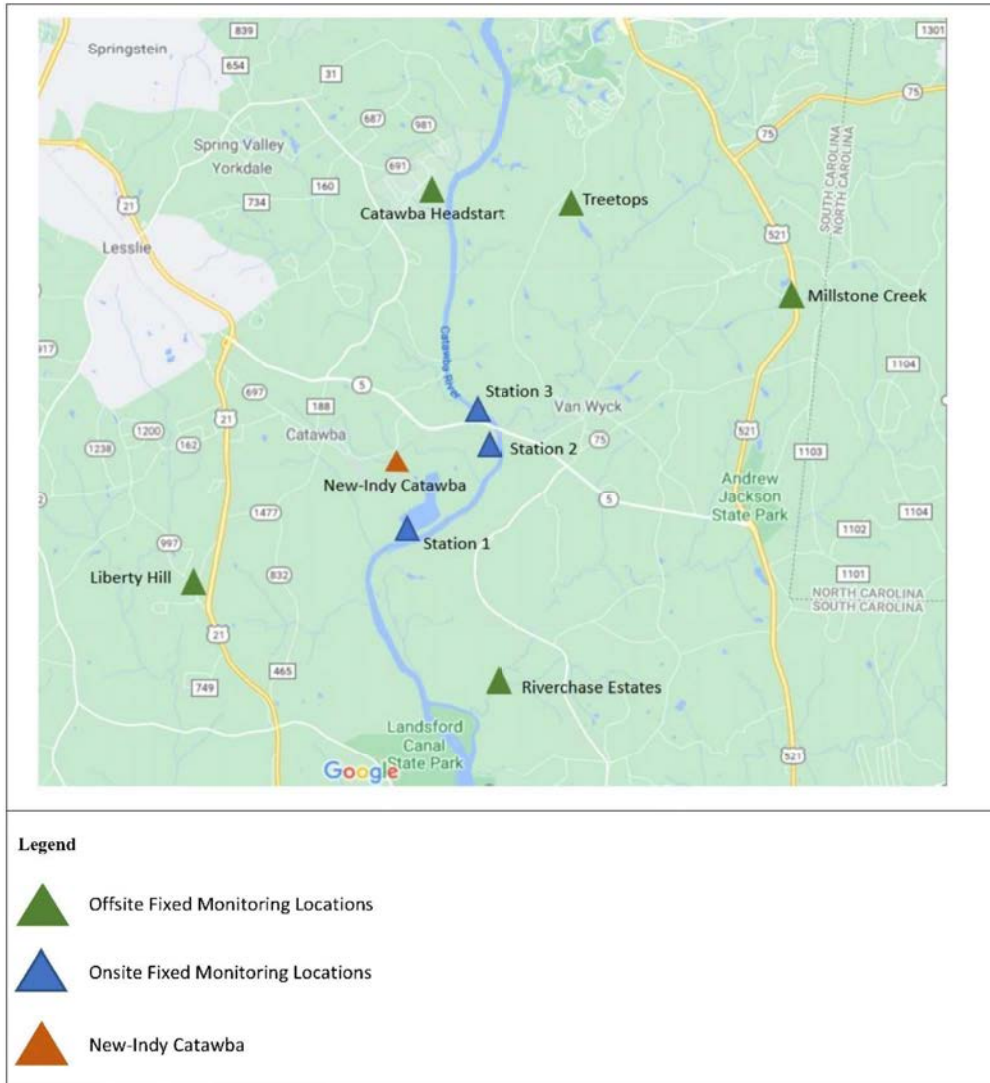


EXHIBIT C

**THE STATE OF SOUTH CAROLINA
BEFORE THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL**

**IN RE: NEW-INDY CATAWBA LLC WWTF
YORK COUNTY**

**CONSENT ORDER
22 - 042 - W**

The South Carolina Department of Health and Environmental Control (Department) and New-Indy Catawba LLC (New-Indy) concur that in the interest of resolving this matter without delay and expense of litigation, New-Indy agrees to the entry of this Consent Order, but neither agrees with nor admits the Findings of Fact or the Conclusions of Law; and therefore, agrees that the Order shall be deemed an admission of fact and law only as necessary for enforcement of this Order by the Department or subsequent actions relating to New-Indy by the Department.

FINDINGS OF FACT

1. Since January 1, 2019, New-Indy has owned and been responsible for the operation and maintenance of a paper and pulp mill (the Mill) and associated wastewater treatment facility (WWTF) located on Cureton Ferry Road in Catawba, York County, South Carolina. Before 2019, a previous owner was responsible for the operation and maintenance of the Mill and WWTF.
2. The Department issued National Pollutant Discharge Elimination System (NPDES) Permit SC0001015 (Permit), authorizing the discharge of treated wastewater from the WWTF, a Group IV Biological treatment system, to the Catawba River in accordance with the effluent limitations, monitoring requirements, and other conditions contained therein. The permit became effective on October 1, 2009, and expired on September 30, 2014. The

Department received a permit renewal application on March 31, 2014, and the Permit was administratively continued.

3. On November 8, 1999, the Department issued Construction Permit 18449- IW to a previous owner granting approval for the construction of a hardpiping condensate treatment system to convey process condensate through a collection tank to an equalization/anaerobic basin (basin #3).
4. On April 25, 2017, the Department issued Construction Permit 20098-IW to a previous owner authorizing multiple actions described therein to modify the existing equalization basin and sludge dewatering system. The Department did not receive a request to place the system, as modified by Construction Permit 20098-IW, into operation, and the construction permit has expired.
5. On January 1, 2019, the NPDES Permit was modified to transfer the Permit from the previous owner to New-Indy.
6. On September 27, 2019, New-Indy notified the Department of its intent to modify its production operations from bleached paper to unbleached paperboard. New-Indy implemented the operational process change beginning September 2020 and placed the WWTF back into operation during February 2021.
7. The Department has observed that the hardpiping condensate treatment system discharge location is not in accordance with the discharge location approved by Construction Permit 18449-IW. New-Indy asserts that, after it discovered this non-conformance by a previous owner with Construction Permit 18449-IW, it informed another Bureau within the Department of the need to change the discharge location in order to achieve compliance with a permit issued by the Department's Bureau of Air Quality. However, an appropriate

request for relocating the discharge has not been received or approved by the Department's Bureau of Water.

8. The Department performed an inspection of the New-Indy WWTF on March 15, 2021 and March 19, 2021. Photographs were taken to document the Department findings during the inspection. The WWTF received an unsatisfactory rating as a result of observations that included:
 - a. The facility's manuals and plans had not been updated to reflect changes in process and treatment. The Operation and Maintenance (O&M) Manual was last updated in July 2010, the Best Management Practices (BMP) Manual was last updated in July 2014, and the Odor Abatement Plan was last updated in July 2010;
 - b. There was a significant blanket of foam across the aeration basin;
 - c. The equalization basin (EQ basin) was nearly full with accumulated solids;
 - d. Excavators were observed in the aeration basin removing sludge and transporting it to sludge basin #4 without the sludge being dewatered;
 - e. Modifications to the WWTF approved under Construction Permit 20098-IW were not fully constructed. Piping to convey sludge from the clarifier basin to the EQ basin had been constructed and was in operation without Department approval; and,
 - f. Foul condensate was piped directly to the aeration basin.

In addition to the above items, the Department inspector also noted on the inspection report that New-Indy needed to communicate with the Department to ensure proper approvals are in place before any dredging and dewatering activities.

9. On April 9, 2021, the Department issued a letter to New-Indy regarding the operations of the WWTF that included the inspection report from the March 15 and 19, 2021 inspection.

10. On May 3, 4, 11, and 25, 2021, the Department collected field samples at several points of the process stream and of the discharge at the New-Indy WWTF. Samples were analyzed for pH, dissolved oxygen (DO), water temperature, the Permit's required parameters, and other additional parameters. Analysis of the samples indicated the treatment system was improperly operating under anaerobic conditions. However, all discharge monitoring reports reflected compliance with Permit effluent limits during this time period.
11. On June 17, 2021, the Department issued Letter of Approval LOA-005750 (LOA 1) to New-Indy authorizing a hydrogen peroxide and supplemental oxygen addition pilot study (Pilot Study). The Pilot Study was for the addition of hydrogen peroxide and supplemental oxygen to improve biological treatment in the Aerated Stabilization Basin (ASB) and hydrogen peroxide to the No. 1 Holding Pond to improve Dissolved Oxygen in the effluent prior to the Post-Aeration Basin. The LOA 1 stated: "Hydrogen peroxide is to be added to the ASB inlet ditch at the footbridge on the north side of color removal plant and to the No. 1 Holding Pond near the outlet to the Post-Aeration Basin...The hydrogen peroxide will be fed at each location by up to two adjustable speed chemical metering pumps mounted on a single skid. The metering system is to deliver a dosage between one and four tenths (1.4) and five (5) gallons per minute (gpm) of hydrogen peroxide to each location." The LOA 1 did not grant approval for hydrogen peroxide to be added directly to the ASB, a practice later observed by the Department on August 19, 2021.
12. On July 26, 2021, the Department issued a Notice of Alleged Violation/Notice of Enforcement Conference (NOAV/NOEC) to New-Indy via electronic mail, first class, and certified mail, serving as notification of an enforcement conference scheduled for August 17, 2021. The certified mail copy of the NOAV/NOEC was delivered on July 29, 2021.

New-Indy requested the enforcement conference be rescheduled. At New-Indy's request, the enforcement conference was rescheduled for September 30, 2021.

13. On August 19, 2021, the Department conducted a site visit at the New-Indy facility and observed that vegetated growth remained in the ASB, indicating that solids were at or near the surface. During the visit, Department staff also observed a tanker truck depositing hydrogen peroxide directly into the ASB.
14. On September 17, 2021, the Department issued Letter of Approval LOA-005751 (LOA 2) to New-Indy granting Department approval for modification of the previously approved hydrogen peroxide and supplemental oxygen addition Pilot Study. The modifications to the Pilot Study involved adding additional locations within the WWTF to add hydrogen peroxide (including directly into the ASB) and extending the expiration date of the Pilot Study approval to March 31, 2022.
15. On September 24, 2021, New-Indy submitted a letter to the Department summarizing the proposal of two projects targeted at reducing the total solid loads at the WWTF. The proposed projects consisted of New-Indy sluicing ash from the combination boilers at the WWTF to sludge basin 1 and transferring green liquor dregs and slaker grits resulting from the kraft pulp process to sludge basin 4. The letter sought further discussion so that New-Indy could pursue implementation of the proposed projects with the Department's input and approval. The Department met with New-Indy on October 5, 2021. The Department sent a letter on October 15, 2021, providing written comments on the September 24, 2021, letter and requesting a full technical proposal for Department review. New-Indy provided a response on February 2, 2022, and the Department subsequently responded to the New-Indy submittal on February 25, 2022 and March 1, 2022.

16. On September 30, 2021, the Department held an enforcement conference with New-Indy to discuss the matters presented in the NOAV/NOEC. Counsel for New-Indy stated the manuals and plans (O&M, BMP, and Odor Abatement Plan) for the facility were under revision and drafts were being exchanged with the Department for review and input. The parties discussed the expired construction permits. Department staff informed New-Indy that new construction permit applications depicting any modifications to the WWTF must be submitted and new Construction Permits issued before the Department can conduct inspections and issue approvals to operate. The parties also discussed removal of sludge from the EQ basin and the ASB and the possibility of a Consent Order. New-Indy representatives stated that sludge removal from the EQ basin was under way and would likely be completed within four (4) to six (6) months, and that ASB sludge removal is limited by the use of geotubes and may take a couple of years to complete, depending on weather.
17. On April 19, 2022, the Department and representatives of New-Indy met to discuss operations at the WWTF.
18. On May 2, 2022, New-Indy submitted a letter to the Department acknowledging the meeting held on April 19, 2022. The letter also included more specific responses to the Department letter dated February 25, 2022.
19. On June 22, 2022, the Department issued a letter to New-Indy providing comments on New-Indy's updated plan regarding the WWTF.

CONCLUSIONS OF LAW

Based upon the above Findings of Fact, the Department reaches the following Conclusions of Law:

1. New-Indy violated the Pollution Control Act, S.C. Code Ann. § 48-1-10, *et seq.*, and Water

Pollution Control Permits, S.C. Code Ann Regs. 61-9.122.1, *et seq.*, in that it failed to operate the WWTF in accordance with the Permit issued by the Department as follows:

- a. New-Indy violated Part I.E.1 of the Permit by not maintaining and operating the WWTF in good working order due to excessive solids and foam, anaerobic conditions, and the presence of excessive sludge accumulation in the ASB.
 - b. New-Indy violated Part V.D.1 of the Permit by transporting and storing sludge without properly dewatering it.
 - c. New-Indy violated Part I.E.3 of the Permit by not properly maintaining the O&M Manual.
 - d. New-Indy violated Part V.D.3.f of the Permit by not properly updating and maintaining the Odor Abatement Plan.
 - e. New-Indy violated Part V.E.5 of the Permit by not properly updating and maintaining its Best Management Practices plan.
2. New-Indy violated the Pollution Control Act, S.C. Code Ann. § 48-1-110 (a)(3) and Standards for Wastewater Facility Construction, S.C. Code Ann Regs. 61-67 in that it operated a WWTF that had been modified in a manner other than approved by the Department and prior to an Approval to Operate being issued by the Department.
 3. The Pollution Control Act, S.C. Code Ann. § 48-1-330, provides for a civil penalty not to exceed ten thousand dollars (\$10,000.00) per day of violation for any person violating the Act or any rule, regulation, permit, permit condition, final determination, or Order of the Department.

NOW, THEREFORE, IT IS ORDERED, CONSENTED TO AND AGREED, pursuant to the Pollution Control Act, S.C. Code Ann. § 48-1-50 and § 48-1-100, that New-Indy Catawba, LLC shall:

1. Within forty-five (45) days of the execution date of this Order, submit to the Department administratively and technically complete plans, specifications, and approvable application(s) for permit(s) to construct the items associated with Construction Permit 18449-IW, Construction Permit 20098-IW, and any additional construction made to the WWTF including but not limited to the foul condensate hardpipe to the ASB, equalization basin, and sludge dewatering system (e.g., gcotubcs).
2. Within sixty (60) days of the date the Department issues any permit to construct a project associated with Item number 1 above, begin construction of the permitted project.
3. By the expiration date(s) of any relevant construction permit(s) of any permitted project(s) associated with Item number 2 above, but not to exceed three (3) years from the date of issuance of such construction permit(s) unless written acceptance of a longer timeframe has been issued by the Department, complete construction of the permitted project(s) and request Approval to Place into Operation from the Department's Midlands Environmental Affairs Lancaster Office.
4. Within one hundred twenty days (120) days of the execution of this Order, submit to the Department three (3) copies of a Preliminary Engineering Report (PER), developed by a licensed professional engineer registered in the State of South Carolina and competent in the field of sewage and industrial waste treatment. The PER must describe, in detail, the appropriate components or conditions necessary for the proper long-term function and management of the WWTF. The PER must also include a schedule of implementation with specific dates or timeframes for completion of the following:
 - (a) a determination of the total volume of sludge currently present in the ASB and the average daily loading rate of sludge being added into the ASB;
 - (b) Removal, refurbishment, replacement of, or other action necessary to address the

turbidity curtains present in the water column to be established per Item 4(d) below or that interferes with establishing such water column;

- (c) removal of sludge from the ASB at a rate that accomplishes an average monthly net decrease of the total volume of sludge contained in the ASB;
- (d) Removal of sludge from the ASB to establish a water column depth of not less than six (6) feet across the ASB, including the removal of vegetative islands to a depth of not less than six (6) feet, to be completed no later than December 31, 2026;
- (e) removal of legacy sludge in the EQ basin no later than June 30, 2023;
- (f) evaluation of the addition of parallel systems for the clarifier and the ASB and a recommended course of action; and,
- (g) evaluation of options for the reduction of total solids loading in the WWTF and any applicable schedule for implementation.

5. The PER will be evaluated by the Department and comments provided to New-Indy within thirty (30) days of receipt. New-Indy shall address the Department comments and, as applicable, provide a revised PER and a schedule of implementation approvable by the Department within thirty (30) days of receipt of the Department's comments. Upon Department approval, the schedule(s) and associated actions shall be incorporated into and become an enforceable part of this Order.

Regardless of when the Department approves the PER, New Indy must submit to the Department by December 31, 2026, certification that New Indy has properly completed the removal of sludge, vegetated islands, addressed the turbidity curtain, and has established a water column of no less than six (6) feet within the ASB. Additionally, on or before June 30, 2023, New Indy must submit to the Department certification that New Indy has properly completed the removal of legacy sludge from the EQ basin by June 30, 2023.

6. On or before August 1, 2022, submit to the Department certification that New-Indy has finalized revisions and updated its O&M Manual to reflect current and appropriate guidelines for unbleached paperboard operations. The manual should be continuously updated and maintained, in accordance with accepted industry standards, to reflect the operations of the facility and, until this Order is terminated, any proposed revisions to the manual shall be submitted to the Department. Until this Order is terminated, New-Indy must also utilize a qualified person or team to perform monthly inspections of the facility to assess and ensure compliance with the O&M Manual and submit to the Department a monthly summary of the inspections and compliance status, which shall include the following:
 - (a) an executive summary of the inspection results.
 - (b) a list of deficiencies noted; and,
 - (c) photographs and drone footage, including photographs, orthophotos or video, to clearly document activities undertaken pursuant to and demonstrating compliance with the O&M Manual.
7. On or before August 1, 2022, submit to the Department certification that New-Indy has finalized revisions and updated its BMP Manual to reflect current and appropriate guidelines for unbleached paperboard operations. The manual should be continuously updated and maintained, in accordance with accepted industry standards, to reflect the operations of the facility and, until this Order is terminated, any proposed revisions to the manual and shall be submitted to the Department. Until this Order is terminated, New-Indy must also utilize a qualified person or team to perform monthly inspections of the facility to assess and ensure compliance with the BMP Manual and submit to the Department a monthly summary of the inspections and compliance status, which shall include the

following:

(a) an executive summary of the inspection results;

(b) a list of deficiencies noted; and,

(c) photographs and drone footage, including photographs, orthophotos or video, to clearly document activities undertaken pursuant to and demonstrating compliance with the BMP Manual.

8. On or before August 1, 2022, submit to the Department certification that New-Indy has finalized revisions and updated its Odor Abatement Plan to reflect current and appropriate guidelines for unbleached paperboard operations. The plan should be continuously updated and maintained, in accordance with accepted industry standards, to reflect the operations of the facility and, until this Order is terminated, any proposed revisions to the plan and shall be submitted to the Department. Until this Order is terminated, New-Indy must also utilize a qualified person or team to perform monthly inspections of the facility to assess and ensure compliance with the Odor Abatement Plan and submit to the Department a monthly summary of the inspections and compliance status, which shall include the following:

(a) an executive summary of the inspection results;

(b) a list of deficiencies noted; and,

(c) photographs and drone footage, including photographs, orthophotos or video, to clearly document activities undertaken pursuant to and demonstrating compliance with the Odor Abatement Plan.

9. This Consent Order shall terminate upon New-Indy: obtaining approval to operate all upgrades subject of Item 1 above and completing all necessary activities to fulfill conditions and timeframes subject of Items 4 and 5 above; and fulfilling all other

requirements detailed in this Consent Order (e.g., submitting appropriate items associated with O&M Manuals, BMP Manuals, and Odor Abatement Plans, payment of assessed penalties, etc.). The Department will notify New-Indy, in writing, of termination of this Order.

10. Within thirty (30) days of the execution date of this Order, pay to the Department, a civil penalty in the amount of one hundred twenty-nine thousand three hundred sixty dollars (\$129,360.00).

PURSUANT TO THIS ORDER, communications regarding this Order and its requirements, including civil penalty payments, shall be addressed as follows:

Adam Cannon
SCDHEC, Bureau of Water - WP Enforcement Section
2600 Bull Street
Columbia, South Carolina 29201

The Order number should be included on all checks remitted as payment of the civil penalty.

IT IS FURTHER UNDERSTOOD AND AGREED that nothing in this Order is intended to or should be construed to interfere with the current and ongoing remediation investigation and obligations pursuant to the Voluntary Cleanup Contract entered between DHEC and New-Indy, titled Voluntary Cleanup Oversight Contract, 18-6120-VOC, in the matter of Bowater-Catawba Pulp and Paper Mill, York County and New-Indy Catawba LLC.

IT IS FURTHER UNDERSTOOD AND AGREED that if any event occurs which causes or may cause a delay in meeting any of the above-scheduled dates for completion of any specified activity, New-Indy shall notify the Department in writing at least thirty (30) days before the scheduled date, if practicable, as determined by the Department. New-Indy shall describe in detail the anticipated length of the delay, the precise cause or causes of delay, if ascertainable, the

measures taken or to be taken to prevent or minimize the delay, and the timetable by which New-Indy propose that those measures will be implemented.

The Department shall provide written notice to New-Indy as soon as practicable that a specific extension of time has been granted or that no extension has been granted. An extension shall be granted for any scheduled activity delayed by an event of *force majeure*, which shall mean any event arising from causes beyond the control of New-Indy that causes a delay in or prevents the performance of any of the conditions under this Order, including, but not limited to: a) acts of God, fire, war, insurrection, civil disturbance, explosion; b) adverse weather conditions that could not be reasonably anticipated causing unusual delay in transportation and/or field work activities; c) restraint by court order or order of public authority; d) inability to obtain, after exercise of reasonable diligence and timely submittal of all applicable applications, any necessary authorizations, approvals, permits, or licenses due to action or inaction of any governmental agency or authority; and e) delays caused by compliance with applicable statutes or regulations governing contracting, procurement or acquisition procedures, despite the exercise of reasonable diligence by New-Indy.

Events which are not *force majeure* include by example, but are not limited to, unanticipated or increased costs of performance, changed economic circumstances, normal precipitation events, or failure by New-Indy to exercise due diligence in obtaining governmental permits or performing any other requirement of this Order or any procedure necessary to provide performance pursuant to the provisions of this Consent Order. Any extension shall be granted at the sole discretion of the Department, incorporated by reference as an enforceable part of this Order, and, thereafter, be referred to as an attachment to the Consent Order.

IT IS FURTHER ORDERED AND AGREED that failure to comply with any provision of this Order shall be grounds for further enforcement action pursuant to the Pollution Control Act, S.C. Code Ann. § 48-1-330 (2008), to include the assessment of additional civil penalties.

IT IS FURTHER ORDERED AND AGREED that this Consent Order governs only the civil liability to the Department for civil sanctions arising from the matters set forth herein and constitutes the entire agreement between the Department and New-Indy, with respect to the resolution and settlement of these civil matters. The parties are not relying upon any representations, promises, understandings or agreements except as expressly set forth within this Order.

THE PARTIES UNDERSTAND that the "execution date" of the Order is the date the Order is signed by the Director of Environmental Affairs.

[Signature Page Follows]

FOR THE SOUTH CAROLINA DEPARTMENT
OF HEALTH AND ENVIRONMENTAL CONTROL


Myra C. Reece
Director of Environmental Affairs

Date: 6-29-2022


Jennifer R. Hughes, Bureau Chief
Bureau of Water

Date: 6-29-2022


Ann Clark, Assistant Chief
Bureau of Water

Date: 06/29/2022

Reviewed By:


Attorney
Office of General Counsel

Date: 6-29-2022

WE CONSENT:

NEW-INDY CATAWBA LLC


Daniel Mallett, Environmental Manager

Date: 6/24/22


Tony Hobson, VP of Manufacturing

Date: 6/24/22

EXHIBIT D



New-Indy Catawba LLC
Catawba, South Carolina
Complaint Investigation Process

COMPLAINT INVESTIGATION PROCESS

Complaint Receipt and Response

Any individual may register a complaint with New-Indy through a dedicated call line (on which a message may be left) or through an odor complaint form maintained on NewIndyCatawba.com website.

The complaint form will be substantively similar to the below Attachment A.

Callers requesting a return call will be contacted within two business days.

Offsite Investigation

For odor complaint(s) that meet the following criteria, personnel will respond to the site or general location of the odor complaint(s) with a portable monitor in an effort to quantify any detected odor. The response time goal is less than four hours during business hours.

1. Wind direction confirms the wind is moving in the general direction of the Catawba Mill towards the complaint location;
2. The complaint location is within 5 miles of the Catawba Mill; or
3. Any fence line monitor registers in excess of 600 ppb of hydrogen sulfide during a two-hour window before the time the complaint asserts the odor was detected.

Name

First

Last

Email Address

Phone

Location of Odor Detection

Street Address

Address Line 2

City

ZIP Code

Date Odor Detected

Time of Odor Detection

 :

Duration of Odor on the Date of the Report

Frequency of Odor Detection

Intensity of Odor

Offensiveness

SUBMIT

COMMUNITY NOTIFICATION PROCESS

Emergency Response

New-Indy is committed to implementing its emergency response plan when the OSHA-PEL limit is exceeded as reflected in the fence line monitors at the New-Indy facility in Catawba.

New-Indy has an organized emergency response team and coordinated related response activities with State and Local response agencies. New-Indy reviews and tests its emergency response plan no less than once annually and makes improvements or updates whenever and wherever necessary. An annual mock emergency exercise is conducted to evaluate the effectiveness of the plan and enhance cooperation between our employee emergency response teams and outside responding agencies.

Onsite Activities

New-Indy is committed to providing notification to the public of activities onsite that may reasonably lead to an exceedance of the EPA fence line limit. Notification is provided using the following means:

- Daily monitoring data, updates on upgrades and improvements, and answers to “frequently asked questions” section are publicly available on the New Indy website. (<https://newindycatawba.com>)
- Updates and progress reports on the mill undertakings are published on the New-Indy Twitter® account.