

# AIR QUALITY Letter

AUGUST 2017 ISSUE

## STATE UPDATES

## Kentucky Air Law Update



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### Kentucky Regulatory Amendments

No updates have been filed since the last edition of the *Air Quality Letter*; however, revisions to 401 KAR 59:015 and 61:015 are expected in the near future. Also, updated permit application forms pursuant to 401 KAR 52:050 are expected to be filed in the fall.

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## Federal Updates

Since the last edition of the *Air Quality Letter*, EPA has taken a number of actions regarding Kentucky submittals.

### April 7, 2017

EPA finalized redesignation of the portion of Kentucky that is within the five-state Louisville, Kentucky – Indiana fine particulate matter (PM<sub>2.5</sub>) nonattainment area to attainment for the 1997 annual PM<sub>2.5</sub> National Ambient Air Quality Standards (NAAQS) and to approve a maintenance plan for the area. See 82 Fed. Reg. 16943 (April 7, 2017).

### May 1, 2017

EPA proposed to redesignate the Kentucky portion of the tri-state Cincinnati-Hamilton County, Ohio-Kentucky-Indiana 2008 8-Hour Ozone Nonattainment Area to attainment. EPA also proposed to approve Kentucky's base year emissions inventory for the Kentucky portion of the area, to approve Kentucky's plan for maintaining attainment of the 2008 8-Hour Ozone NAAQS in the area, including motor vehicle emission budgets for nitrogen oxides and volatile organic

compounds for the years 2020 and 2030 for Kentucky's portion of the area. EPA finalized the approvals on July 5, 2017. See 82 Fed. Reg. 30976 (July 5, 2017).

### May 1, 2017

EPA proposed to approve Kentucky's infrastructure State Implementation Plan for the 2012 annual particulate matter (PM<sub>2.5</sub>) National Ambient Air Quality Standard. EPA noted it was not approving any specific rule, but was rather proposing that Kentucky's currently approved shift meets the Clean Air Act requirements for this rule. See 82 Fed. Reg. 21751 (May 10, 2017).

### June 29, 2017

EPA proposed to approve revisions to the Louisville-Metro Air Pollution Control District (LMAPCD) stationary source emission monitoring and reporting requirement that it

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## Kentucky Air Law Update

(cont. from front cover)

found were consistent with the Clean Air Act. EPA is proposing to approve certain administrative changes as well as changes to reporting data requirements, methods of emissions calculations and stationary source emission statements that are part of Regulation 1.06 of LMAPCD's rules. See 82 Fed. Reg. 29467 (Thursday, June 29, 2017).

### July 10, 2017

EPA also approved, on July 10, 2017, changes to the LMAPCD regulations pertaining to definitional changes, administrative amendments, opening burning, standards of performance and volatile organic compounds. See 82 Fed. Reg. 31736 (July 10, 2017).

### July 17, 2017

EPA proposed to approve changes to the Kentucky State Implementation Plan that

would adopt the historical and current National Ambient Air Quality Standards for carbon monoxide, lead, nitrogen dioxide, ozone particulate matter (both PM10 and PM2.5) and sulfur dioxide. The SIP approval incorporates the updates previously made in 2016 by Kentucky in 401 KAR 53:010. See 82 Fed. Reg. 32671 (July 17, 2017).

EPA also has proposed to approve several revisions made by LMAPCD:

### July 3, 2017

EPA proposed approval of the LMAPCD's revision to remove Stage II vapor control requirements for new and upgraded gasoline dispensing facilities and allow for the decommissioning of existing Stage II equipment in Jefferson County. EPA approved the demonstration that removal of Stage II vapor recovery systems in the

area would and will result in VOC emissions decreases. See 82 Fed. Reg. 30809 (July 3, 2017).

### July 28, 2017

EPA issued a direct final rule approving changes to definitions in Regulation 1.02 of the LMAPCD. The changes include revisions to the definition of volatile organic compounds to be consistent with EPA updates. See 82 Fed. Reg. 35101 (July 28, 2017).

### August 5, 2017

EPA proposed to approve Kentucky's determination that the Commonwealth's Regional Haze Plan is adequate to meet reasonable progress goals for the implementation period through 2018. See 82 Fed. Reg. 36707 (July 28, 2017).

## Ohio Air Law Update



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## Ohio Regulatory Updates

### May 30, 2017

Ohio EPA announced it is requesting stakeholder input regarding potential amendments to Ohio EPA's "Asbestos Emission Control" program rules. Ohio EPA is anticipating the passage of Ohio's biennium budget for fiscal year 2018-2019 by the 132nd Ohio General Assembly in the summer of 2017. If enacted, this bill would transfer the Ohio Department of Health (ODH) asbestos program to the Ohio EPA asbestos program. This would allow the director of environmental protection to adopt the rules governing asbestos hazard abatement contractors, specialists, project designers, workers, training courses and other professionals currently existing and regulated by ODH in OAC Chapter 3701-34. This could also affect Ohio's asbestos emission control rules in OAC Chapter 3745-20.

### June 1, 2017

DAPC proposed amended rules in OAC Chapter 3745-17. That chapter establishes requirements for emissions of particulate matter from stationary sources such as fuel burning equipment, storage piles, roadways and industrial processes. The rules in this chapter are part of Ohio's State Implementation Plan (SIP) to attain and maintain the National Ambient Air Quality Standards (NAAQS) for particulate matter as required by the Clean Air Act. Amendments made to this chapter will be submitted to U.S. EPA as an amendment to Ohio's SIP.

### June 2, 2017

DAPC made available a draft for comment of amended rules in OAC Chapter 3745-103, "Acid Rain Permits and Compliance." This chapter contains the requirements pertaining to the acid rain program for limitation of emissions of sulfur dioxide and nitrogen oxides from fossil-fuel fired electrical generating units.

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## Ohio Air Law Update

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### June 27, 2017

Ohio EPA announced it is requesting stakeholder input regarding potential amendments to various rules in OAC Chapter 3745-21, Carbon Monoxide, Photochemically Reactive Materials, Hydrocarbons and Related Materials Standards. These rules establish requirements for the control of emissions of volatile organic compounds (VOCs) and carbon monoxide (CO) from stationary emission sources. Ohio EPA is considering potential amendments to OAC rules 3745-21-01, 3745-21-09, 3745-21-10, 3745-21-26, 3745-21-28, and 3745-21-29. Additional information is available in the Stakeholder Input Request document.

### June 29, 2017

Ohio EPA announced it is requesting stakeholder input regarding potential amendments to OAC rule 3745-31-03, "Exemptions and Permits-by-Rule." This rule identifies the qualifications, exemptions and permit-by rule provisions that relieve an entity from the obligation to apply for and obtain a permit-to-install or permit-to-install and operate for the installation or modification, and operation of an air contaminant source. Pursuant to industry and agency requests the Ohio EPA, Division of Air Pollution Control, is considering amendments to this rule to add an additional clarification of the qualifications under OAC rule 3745-31-03(A), revise existing permanent permit exemptions and propose additional permanent permit exemptions under OAC rule 3745-31-03(B)(1), and to provide clarifications and corrections to several permit-by-rule provisions in OAC rule 3745-31-03(C). Ohio EPA will accept comments on potential changes to these rules through Tuesday, August 1, 2017.

### July 13, 2017

DAPC announced it had completed a review of OAC chapter 3745-112, "Consumer Products Rules Program" to fulfill the requirements of Ohio Revised Code 106.03 (5-year review). The provisions of this rulemaking establish limits on the quantity of volatile VOCs that may be contained in consumer products, such as paint, cleaning products and beauty products, that are sold, supplied, offered for sale or manufactured for sale in Ohio. OAC Chapter 3745-112 has been submitted to U.S. EPA and has been accepted as part of Ohio's SIP to attain and maintain the NAAQS. These rules are based on and similar to rules promulgated by states involved with the Ozone Transport Commission (OTC), primarily Virginia, New York and Pennsylvania. Upon the completion of the review, Ohio EPA has determined these rules remain necessary but are not in need of amendment. DAPC will accept comments through Wednesday, August 16, 2017.

### July 18, 2017

Ohio EPA announced it is requesting stakeholder input regarding potential amendments to OAC Chapter 3745-110, "Nitrogen Oxides - Reasonably Available Control Technology Regulations." These rules establish requirements for emissions of nitrogen oxides (NO<sub>x</sub>) from very large, large, mid-size and small boilers, stationary combustion turbines, stationary internal combustion engines or reheat furnace as defined in OAC rule 3745-110-01, or that are located at a facility that emits or has the potential to emit a total of more than 100 tons per year of NO<sub>x</sub> emissions from all sources at that facility. Ohio EPA will accept comments on potential changes to these rules through Friday, August 18, 2017.

### July 31, 2017

The Ohio Environmental Protection Agency, Division of Air Pollution Control (DAPC) announced the rescission of the rules in Ohio Administrative Code (OAC) Chapters 3745-75 and 3745-105. The rules in these chapters contain the requirements for operating either an Infectious Waste Incinerator (OAC chapter 3745-75) or a Pathological Waste Incinerator (OAC Chapter 3745-105) in the state of Ohio. Infectious and pathological wastes include items such as hospital wastes and animal wastes that were likely to have been in contact with infectious agents. Ohio EPA plans to rescind all of the rules in both chapters. Currently, there is only one facility in Ohio subject to the rules specified in OAC Chapter 3745-75 and only a few facilities subject to OAC Chapter 3745-105. Upon rescission, the rules will be superseded by the Federal Plan (40 CFR Part 62, Subpart HHH), which took effect on June 12, 2013. The rescission takes effect August 10, 2017.

### August 2, 2017

Ohio EPA announced that it intends to rescind Ohio EPA's Low Reid Vapor Pressure Fuel Requirements rules. OAC Chapter 3745-72 establishes the low Reid Vapor Pressure (RVP) fuel requirements. These rules control emissions of VOCs to help the Cincinnati and Dayton areas in their attainment of the NAAQS for ozone. VOCs are precursor compounds, which, along with NO<sub>x</sub>, can form ozone. Ozone is one of the six criteria pollutants for which a NAAQS has been established under the Clean Air Act. Ohio EPA is considering rescinding all of the rules in OAC Chapter 3745-72. These rules are no longer necessary, as U.S. EPA approved the removal of the low RVP fuel requirements in the Cincinnati and Dayton areas on April 7, 2017.

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## Ohio Air Law Update

(cont. from p3)

### Federal Regulatory Updates

#### April 7, 2017

EPA published notices in the Federal Register announcing approval of the redesignation of the Ohio portion of the Cincinnati-Hamilton, OH-IN-KY nonattainment area to attainment of the 1997 fine particulate matter (PM<sub>2.5</sub>) annual NAAQS and its approval of removal of the gasoline volatility requirements in the Cincinnati and Dayton areas.

#### May 11, 2017

EPA published notice in the Federal Register of the approval of Ohio EPA's SIP submittal modifying the VOC rules in the Ohio Administrative Code. The changes to these rules are based on an Ohio-initiated five-year periodic review of its VOC rules and a new rule to update the VOC reasonably available control technology (RACT) requirements for the miscellaneous metal and plastic parts coatings source category for the Cleveland-Akron-Lorain area consisting of Ashtabula, Cuyahoga, Geauga, Lake, Lorain,

Medina, Portage and Summit counties. Additionally, EPA proposes to approve into the Ohio SIP an oxides of nitrogen (NO<sub>x</sub>) emission limit for Arcelor-Mittal Cleveland that Ohio is using as an offset in its CAA section 110(l) anti-backsliding demonstration for architectural aluminum coatings.

#### May 31, 2017

EPA proposed acceptance of Ohio EPA's submittal requesting that EPA redesignate the Cleveland area to attainment for the 2008 NAAQS for lead. EPA determined the Cleveland area meets the requirements for redesignation and is also proposing to approve several additional related actions. EPA is proposing to approve, as revisions to the Ohio SIP, reasonably available control measure/reasonably available control technology (RACT) requirements, emissions inventory requirements and the state's plan for maintaining the 2008 lead NAAQS through 2030 for the area.

### NAAQS

## EPA Extends Deadline for Promulgating Designations for the 2015 Ozone NAAQS

On June 28, 2017, EPA published notice in the *Federal Register* of its decision to extend by one year the deadline for promulgating initial area designations for the 2015 Ozone National Ambient Air Quality Standards (NAAQS). Under the extension, the new deadline for promulgating initial area attainment/nonattainment designations is October 1, 2018.

The October 2015 Ozone NAAQS revised the 8-hour primary and secondary ozone standards. The primary standard was lowered from 0.075 parts per million (ppm) to 0.070 ppm. The secondary standard was revised to make it identical in all respects to the revised primary standard. At this point, the prior Ozone NAAQS that were set in 2008 remain effective.



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The prior deadline for states to submit designation recommendations to EPA for the 2015 Ozone NAAQS was October 1, 2016. EPA notes it has been evaluating the state recommendations and conducting additional analyses to determine whether any of the state recommendations need to be modified. The *Federal Register* notice states EPA determined there is insufficient information to complete those analyses and designations by October 1, 2017, and thus the one year extension is justified. With respect to the additional analyses, EPA notes it is evaluating a "host of complex issues regarding the 2015 Ozone NAAQS and its implementation, such as understanding the role of background ozone levels and appropriately accounting for interstate transport." In a related

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## NAAQS: EPA Extends Deadline

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action, EPA established an Ozone Cooperative Compliance Task Force to assist in developing additional flexibilities for states in complying with the ozone standard. The task force, along with the extension of the designation deadline, are identified in a June 6, 2017 letter from Administrator Pruitt to state governors.

Environmental interest groups fear the new task force and EPA will ultimately recommend weakening the 2015 Ozone Standard. EPA has not yet finalized a November 2016 Obama-era proposed rule on implementation plan protocols for states relating to the 2015 Ozone Standard. The one-year extension of the deadline for promulgating designations may in fact provide

EPA with the necessary time to re-evaluate the 2015 standard. The 2015 Ozone Standard is also being challenged in litigation in the United States Court of Appeals for the D.C. Circuit.

Additionally, there is pending legislation in Congress that would delay implementation of the 2015 Ozone NAAQS until 2025. The legislation has passed the House and as of July 19, 2017, is referred to the Senate Committee on Environment and Public Works. The pending legislation would set 10-year intervals on revising NAAQS, and make revisions to the considerations for revising NAAQS, including consideration of technological feasibility.

### PERFORMANCE STANDARDS

## SSM Update

In an order issued on June 26, 2017, the Supreme Court denied certiorari without comment in a suit seeking to overturn an Obama administration policy that eliminated the Startup, Shutdown, Malfunction (SSM) exemption. This policy allowed exemptions for emissions in excess of permitted limits during SSM periods. There has been ongoing litigation over the SSM exemption for several years. In 2008, the D.C. Circuit ruled in *Sierra Club v. EPA* that there can be no blanket exemptions for periods of SSM. Then, in 2014, the D.C. Circuit held in *Natural Resources Defense Council v. EPA* that EPA has no

authority to create an affirmative defense for companies that violate permit limits during periods of SSM. As a result of these decisions, the Obama administration began to eliminate all SSM blanket exemptions and affirmative defenses. Currently, EPA is employing case-by-case enforcement discretion to determine whether to bring an enforcement action against a source that violates a permit limit during an SSM period.

This denial leaves another D.C. Circuit case, *Florida Electric Power Coordinating Group, Inc., et al v. EPA*, et al, as the lead case in the

consolidated litigation testing EPA's SSM policy. This case involves a challenge by a number of industrial groups and states to EPA's state implementation plan (SIP) call rule. This rule required 36 states to remove SSM exemptions from their state SIPs. The Obama administration argued this rule was necessary to comply with the 2008 and 2014 D.C. Circuit decisions. However, the rule's challengers argue EPA went too far in extending these holdings to state SIPs. This litigation is currently on hold as President Trump's EPA is reviewing the state SIP call rule.



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### GREENHOUSE GAS EMISSIONS

## CCP Update

The future of the Clean Power Plan (CPP) remains up in the air as President Trump's EPA decides how to move forward on reviewing and revising the rule. On June 8, 2017, EPA sent a proposal to the White House Office of Management & Budget titled "review of the Clean Power Plan." The text of the plan was drafted by aides in EPA's general counsel's office.



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## CCP Update

(cont. from p5)

While the text of the plan is not available, an EPA official stated the plan includes a legal justification for rolling back the CPP and a draft economic analysis. The plan is expected to include two possible justifications for repealing the CPP: 1) that the CPP is unlawful because it controls utility greenhouse gas emissions beyond a facility's fence line; and 2) EPA cannot regulate coal plants' greenhouse gas emissions under Clean Air Act Section 111(d) because it already regulates coal plants' air toxics under Clean Air Act Section 112.

It also remains unclear whether the Trump administration will repeal the CPP without a replacement plan. In a May 24 meeting, EPA Administrator Scott Pruitt said whether

EPA plans to replace the CPP is "to be determined." Administrator Pruitt has expressed skepticism over the effects of climate change and has argued there should be more public debate over the effects of carbon dioxide.

Some industry groups are concerned that without a replacement plan in place if the CPP is revoked, it will open industry and EPA up to further litigation. One industry group, the Coalition for Innovative Climate Solutions, has proposed a CPP replacement plan that gives greater flexibility to states to choose compliance plans. Other industry groups are arguing the Department of Energy should play a large role in the development of a replacement plan for the CPP.

The litigation currently pending in the D.C. Circuit Court challenging the CPP remains held in abeyance while the CPP itself remains stayed under the Supreme Court's February 2016 order.

However, in an August 4 filing, environmental intervenors in the case urged the D.C. Circuit not to postpone its decision given that EPA is unlikely to be taking any substantial action to rewrite the CPP in the near future. The intervenors argued that the court should either decide the case on the merits or terminate it by remanding the case to EPA. Neither the D.C. Circuit nor the other parties involved in the case have responded to the environmental intervenor's arguments.

## Court Rejects Trump Administration Methane Rule Stay



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On July 3, 2017, the US Court of Appeals for the District of Columbia vacated EPA's stay of an Obama administration rule implementing limits on methane gas emission in the oil and gas industry. EPA had moved to stay portions of the methane new source performance standards (NSPS) in order to reconsider the provisions. See *Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources; Grant of Reconsideration and Partial Stay*, 82 Fed. Reg. 25,730 (June 5, 2017). Environmentalists argued that EPA's stay was illegal because the agency did not meet the standards for a stay pursuant to Clean Air Act Section 307(d)(7)(B).

The court sided with the environmentalists challenging the reconsideration, holding that pursuant to Section 307(d)(7)(B), EPA may only issue a stay during a mandatory reconsideration when a party presents an

objection of "central relevance" that was "impracticable" to raise during the period for public comment." The court concluded that EPA's reconsideration was not mandatory and EPA did not have the power to issue the stay. EPA has asked the court to reconsider its decision vacating the stay and industry has requested an *en banc* review.

In the absence of the stay, EPA is pursuing rulemaking to stay the implementation of the methane NSPS requirements for two years. Comments on that proposal are due on August 9, 2017. More information on EPA's ongoing initiative on methane on oil and gas air pollution is available at: <https://www.epa.gov/controlling-air-pollution-oil-and-natural-gas-industry/actions-and-notice-about-oil-and-natural-gas>

In addition to pursuing new rules, the EPA Inspector General has also launched an

investigation into how EPA estimates oil and gas methane emissions. The investigation will consider "(1) how the EPA estimates methane emissions from the oil and natural gas production sector, including the extent to which the EPA has used the results of 2013 and 2014 emission studies conducted jointly by the Environmental Defense Fund and the University of Texas-Austin to estimate those emissions; and (2) whether concerns about technical or other problems with the Environmental Defense Fund and University of Texas-Austin studies were identified or brought to the EPA's attention, and how the EPA addressed and resolved any such concerns."

On August 4, 2017, environmentalists asked the D.C. Circuit to overturn a similar administrative stay of the methane rules for landfills.

## EPA Delays the Effective Date of the Risk Management Rule Amendments



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On June 14, 2017, EPA finalized a delay of the effective date of the Obama administration's Risk Management Program (RMP) Amendments until February 19, 2019. 82 Fed. Reg. 27133 (June 14, 2017). As reported in prior editions of the Air Quality Letter, the amendments, finalized on January 13, 2017, addressed revisions to the RMP rule including prevention programs at stationary sources, emergency response preparedness, information availability and various other changes intended to streamline, clarify and otherwise technically correct the underlying rules. The amendments were in accordance with an Executive Order from former President Obama ordering enhanced safety procedures in the wake of the West, Texas fertilizer fire in 2013. EPA received petitions for reconsideration of the rule from a coalition of industry groups and from a group of 11 states, including Kentucky and West Virginia, raising a variety of objections to the rule including increased cost and resource burden without corresponding benefit and the lack of time to comment considering the U. S. Bureau of Alcohol, Tobacco and Firearms finding, two days before the end of the public comment period on the amendments, that the West, Texas fire was the result of arson. The states' petition requested a 15-month delay of the rule. On March 16, 2017, EPA published notice the amendments

would undergo reconsideration and administratively delayed the effective date of the amendments for 90 days. On April 3, 2017, EPA published a proposal to delay the effective date of the rule until February 19, 2019 (an additional 20 months).

EPA believes a 20-month extension is reasonable given the difficult and time consuming reconsideration process of evaluating issues related to the amendments. During the delay, the pre-amendment rules will remain in place. EPA noted "compliance dates for most major provisions of the Risk Management Program Amendments rule were set for four years after the final rule's effective date, so EPA's delay of that effective date has no immediate effect on the implementation of these requirements."

On June 15, 2017, various environmental groups joined to challenge the delay in the United States Court of Appeals for the District of Columbia. Labor groups opposing the delay have been granted leave to intervene. At the end of June, industry groups that petitioned EPA for reconsideration filed to intervene in the action and, on July 7, 2017, the group of states including Kentucky and West Virginia also moved to intervene in support of the delay.

The environmental and labor petitioners filed a motion on June 22, 2017,

requesting the court stay the 20-month delay, arguing the delay violates the Clean Air Act (CAA) provision that "reconsideration shall not postpone the effective date of the rule" and that EPA was limited to a three-month delay of the rule. Petitioners also argue further delay could result in irreparable harm from additional accidents. In the final rule delaying the effective date, EPA explained its position that the three month limit applies to delays that do not undergo notice and rulemaking. "A natural reading of the language is that the act of convening reconsideration does not, by itself, stay a rule but that the Administrator, at his discretion, may issue a stay if he has convened a proceeding. The three-month limitation on stays issued without rulemaking under CAA section 307(d)(7)(B) does not limit the availability or length of stays issued through other mechanisms." The final rule also addressed comments that the delay would cause harm to workers and members of the public noting compliance dates in the amendments extend beyond the delay period and that the underlying RMP rule has been effective in preventing and mitigating chemical accidents and will remain in place during the delay.

**We will continue to monitor and report as the litigation and reconsideration process continues.**

ENFORCEMENT

## New DOJ Policy Limits SEP Funds



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On June 5, 2017, Attorney General Jeff Sessions issued a memorandum prohibiting Department of Justice attorneys from entering into federal environmental settlements that require the regulated entity to make cash payments to third parties as part of a supplemental environmental project (SEP). SEPs have been used as a component of environmental enforcement settlements for several years to offset civil penalties that would otherwise be paid to the government. The theory behind SEPs is that financial resources expended by an alleged violator to settle an enforcement action are better used to improve environmental conditions with a nexus to the alleged violation, rather than being placed in government hands. In the past, SEPs have taken the form of a project undertaken directly by the alleged violator or payment of funds to a third party.

Attorney General Sessions indicated that, historically, cash SEP payments have been made to non-governmental, third party organizations that "were neither victims nor parties to

the lawsuits." The new policy prohibits settlements requiring payments or loans to any third party that is not a party to the case being settled. The memo outlines three exceptions to the policy: payments that provide restitution to a victim or otherwise remedy the harm that is sought to be redressed; payments for legal or other professional services rendered in connection with the case; and, payments expressly authorized by statute.

Non-government organizations and some industry advocates fear the new policy could "cripple" the use of SEPs that have been a staple in environmental settlements for decades, which may prompt increased litigation costs. However, proponents of the policy, including members of Congress who have filed legislation having a similar impact, lament that historical settlement practices coerce alleged violators to make payments to groups with little or no involvement in the matter.

## AIR QUALITY Letter

Readers are invited to provide comments, suggestions or newsworthy materials to the editors of the newsletter listed below. All input is welcome.

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