

ALABAMA DEPARTMENT OF
ENVIRONMENTAL MANAGEMENT

IN THE MATTER OF:)

Hikae Aluminum Processing, L.L.C.)
Ashville, St Clair County, Alabama)

CONSENT ORDER NO. 26-DRAFT-CAP

ADEM Air Facility ID No. 410-0041)

PREAMBLE

This Special Order by Consent is made and entered into by the Alabama Department of Environmental Management ("Department" or "ADEM") and Hikae Aluminum Processing, L.L.C. ("Permittee") pursuant to the provisions of the Alabama Environmental Management Act, Ala. Code §§ 22-22A-1 to 22-22A-17, as amended, the Alabama Air Pollution Control Act, Ala. Code §§ 22-28-1 to 22-28-23, as amended, and the regulations promulgated pursuant thereto.

STIPULATIONS

1. The Permittee operates a Secondary Aluminum Processing facility ("Facility") located in Ashville, St Clair County, Alabama (ADEM Air Facility ID No. 410-0041).
2. The Department is a duly constituted department of the State of Alabama pursuant to Ala. Code §§ 22-22A-1 to 22-22A-17, as amended.
3. Pursuant to Ala. Code § 22-22A-4(n), as amended, the Department is the state air pollution control agency for the purposes of the federal Clean Air Act, 42 U.S.C. 7401 to 7671q, *as amended*. In addition, the Department is authorized to administer and enforce the provisions of the Alabama Air Pollution Control Act, Ala. Code §§ 22-28-1 to 22-28-23, as amended.
4. The Permittee operates a 25-ton Aluminum Melting Rotary Furnace at the Facility pursuant to the authority of Synthetic Minor Operating Permit (SMOP) No. 410-0041-X003

("Permit"). Emissions collected by a capture hood positioned over the furnace are controlled by two (2) lime injected fabric filter baghouses, operating in parallel, designated "BH #2" and "BH #3".

5. Proviso No. 29(a) of the Permit states: "A bag leak detection system shall be operated concurrently with each baghouse and in accordance with the manufacturer's operating instructions."

6. Proviso No. 31(a) of the Permit states: "The bag leak detection system shall be installed, for each filter fabric exhaust stack according to the specifications of 40 CFR 63.1510(f)(1), calibrated, operated and maintained according to the manufacturer's instructions, and equipped with a device to continuously record the output signal from the sensor."

7. Proviso No. 31(e) of the Permit states: "A device to continuously monitor and record the temperature of the inlet baghouse(s) gasses shall be installed according to 40 CFR 63.1510(h). It must record the temperature in 15-minute block averages and calculate the average temperature for each 3-hour block period and must include a range from 0 to 1.5 times the average temperature established during the most recent performance test."

8. Proviso 35(b) of the Permit states: "Records shall be kept documenting the 15-minute block average inlet temperatures for each lime-injected fabric filter (baghouse), including any period when the 3-hour block average temperature exceeds the compliant operating parameter value +14 °C (+ 25 °F), with a brief explanation of the cause of the excursion and the corrective action taken."

9. Proviso 36 of the Permit states: "An excess emissions/summary report must be submitted according to the requirements of 40 CFR 63.10(e)(3) within 60 days of the end of each semiannual calendar reporting period."

DEPARTMENT'S CONTENTIONS

10. On January 7 and 8, 2026, the Permittee conducted performance testing of the 25-ton rotary aluminum melting furnace and associated lime injected fabric filter baghouses (BH #2 and BH #3). The successful performance test report was submitted to the Department on March 3, 2026.

11. On April 13, 2026, the Department notified the Permittee that its semi-annual excess emissions summary report (SEER) for the second half of 2025 (July 1, 2025, through December 31, 2025) had not been received by the due date of March 1, 2026.

12. On April 16, 2026, the Department issued the Permittee a warning letter regarding reporting requirements and requested the Permittee provide a written response.

13. On May 15, 2026, the Permittee provided a written response to the warning letter, in a timely manner, in which the following statements were made:

- (a) "The facility was of the opinion that since the performance test had not been conducted excursion of process or operating parameters could not be determined. In addition, the facility had difficulty obtaining the necessary software system to record baghouse inlet temperature 15-minute readings and 3-hour block average".
- (b) "The facility was unaware that a report must be submitted if an affected source had not operated in accordance with any of the requirements in Subpart RRR."

- (c) “The Baghouse inlet temperature software has been installed. The B-PAC bag leak detection system has been ordered and is scheduled to be shipped 06/16/2026 or sooner.”
- (d) “The Second half of the 2025 SEER was submitted to ADEM and entered into the CEDRI system on 05/06/2026. All future reports will be submitted in a timely manner.”

14. On May 18, 2026, as revised on May 19, 2026, the Department received the Permittee’s SEER for the second half of 2025. In the SEER, Hikae made the following comments regarding compliance:

- (a) “During the reporting period neither the baghouse inlet temperature recorder or bag leak detection system software had been installed. The baghouse lime injection system was operational during the reporting period.”
- (b) “The bag leak detector and inlet temperature monitoring and recording equipment has been ordered and will be installed by April 30, 2026.”

15. On May 28, 2026, the Department issued the Permittee a Notice of Violation (NOV). The NOV requested the Permittee provide written responses to a series of questions.

16. On June 19, 2026, the Permittee provided a written response to the Notice of Violation, in a timely manner. The response included the following statements:

- (a) “The issues identified by ADEM occurred during the startup and commissioning phase of a newly installed facility and were not the result of any intent to avoid compliance requirements. Since becoming aware of the

deficiencies, Hikae has taken corrective actions to address the concerns and strengthen its compliance management procedures.”

- (b) “At the time of performance testing, Hikae believed the facility could proceed with testing while final monitoring system components were being procured and integrated into the overall control system. During the startup and commissioning period, delays occurred in obtaining and implementing the bag leak detection equipment and associated monitoring hardware. Hikae acknowledges that the bag leak detection system should have been installed and operational in accordance with applicable requirements prior to or concurrent with performance testing.”
- (c) “Temperature monitoring sensors had been installed; however, software and data acquisition components necessary to continuously record the required readings were not fully implemented at the time of performance testing. Hikae experienced delays associated with obtaining and configuring the software needed to record and archive the required temperature data.”
- (d) “Hikae acknowledges that continuous monitoring and recording capability should have been fully operational prior to or concurrent with performance testing.”
- (e) “Hikae's understanding at the time was that operating parameter limits could not be finalized until completion and review of the performance test results. However, Hikae recognizes that monitoring and recording obligations remain applicable regardless of whether final operating limits have been established.”

- (f) “The facility's intent was to monitor operating conditions using installed instrumentation while completing integration of the required recording systems. Hikae acknowledges that this approach did not fully satisfy the applicable monitoring and recordkeeping requirements.”
- (g) “Prior to completion of the software installation, operators periodically reviewed temperature indications available from the installed instrumentation. Continuous electronic recording was not available until completion of the software implementation.”
- (h) “Hikae has implemented the following corrective measures:
 - (i) Conducted a comprehensive review of permit and Subpart RRR requirements.
 - (ii) Engaged environmental compliance personnel and consultants to assist with regulatory compliance obligations.
 - (iii) Developed a compliance calendar identifying all required reports, certifications, monitoring activities, and deadlines.
 - (iv) Implemented management review procedures to verify timely submission of all required reports.
 - (v) Provided compliance training to facility management and operating personnel.
 - (vi) Established periodic internal compliance audits to verify ongoing compliance with permit and regulatory requirements.”

17. On June 25, 2026, The Department received an email from the Permittee that included documentation of the order (order number A1004399) and purchase of equipment and

software for the bag leak detection system. The email, forwarded from the Permittee to the Department indicated that the equipment referenced in order number A1004399 “is to be shipped soon” and that “the facility expects the system to arrive within approximately the next ten days.” The Department has not received notification that the unit has been received or installed.

18. The Permittee’s responses to the warning letter and subsequent Notice of Violation indicate that the Permittee was not in compliance with the Permit by:

- (a) Not submitting the SEER for the second half of 2025, until seventy-eight (78) days past the March 1, 2026, due date, as required by Permit Proviso 36 and 40 CFR 63.10(e)(3).
- (b) Not installing a bag leak detection system for each fabric filter (baghouse) exhaust stack and that operates concurrently with each baghouse, as required by Permit Provisos 29(a) and 31(a) and 40 CFR 63.1510(f)(1), from January 8, 2026, to June 25, 2026.
- (c) Not recording the output signals from the bag leak detection systems as required by Permit Proviso 31(a) and 40 CFR 63.1510(f)(1)(v), from January 8, 2026, to June 25, 2026.
- (d) Not installing a device to continuously monitor and record the temperature of the inlet baghouse(s) gasses according to 40 CFR 63.1510(h) as required by Permit Proviso No. 31(e) and 40 CFR 63.8(c)(3) from January 8, 2026, to April 23, 2026.
- (e) Not recording the 15-minute block average inlet temperature to the baghouse as required by SMOP 410-0041-X003 Proviso No. 35(b), from January 8, 2026, to April 23, 2026.

- (f) Not calculating the average temperature for each 3-hour block period, as required by SMOP 410-0041-X003 Proviso No. 35(b), from January 8, 2026, to April 23, 2026 (105 Days).

19. Pursuant to Ala. Code § 22-22A-5(18)c., *as amended*, in determining the amount of any penalty, the Department must give consideration to the seriousness of the violation, including any irreparable harm to the environment and any threat to the health or safety of the public; the standard of care manifested by such person; the economic benefit which delayed compliance may confer upon such person; the nature, extent and degree of success of such person's efforts to minimize or mitigate the effects of such violation upon the environment; such person's history of previous violations; and the ability of such person to pay such penalty. Any civil penalty assessed pursuant to this authority shall not exceed \$25,000.00 for each violation, provided however, that the total penalty assessed in an order issued by the Department shall not exceed \$250,000.00. Each day such violation continues shall constitute a separate violation. In arriving at this civil penalty, the Department has considered the following.

A. SERIOUSNESS OF THE VIOLATION: The Department considers the Permittee's failure to report as required and failure to comply with 40 CFR 63 Subpart RRR, to each be serious violations. However, the Department is not aware of any irreparable harm to the environment resulting from these violations.

B. THE STANDARD OF CARE: The Permittee failed to exhibit a sufficient standard of care by failing to report as required and failing to comply with 40 CFR 63 Subpart RRR.

C. ECONOMIC BENEFIT WHICH DELAYED COMPLIANCE MAY HAVE CONFERRED: The Department is not aware of any evidence indicating that the Permittee received any significant economic benefit from these violations.

D. EFFORTS TO MINIMIZE OR MITIGATE THE EFFECTS OF THE VIOLATION UPON THE ENVIRONMENT: The Department is unaware of any efforts by the Permittee to minimize or mitigate the effects of these violations on the environment at the time of the violations.

E. HISTORY OF PREVIOUS VIOLATIONS: The Department is unaware of any previous violations by the Permittee.

F. THE ABILITY TO PAY: The Permittee has not alleged an inability to pay the civil penalty.

G. OTHER FACTORS: It should be noted that this Special Order by Consent is a negotiated settlement and, therefore, the Department has compromised the amount of the penalty in this matter in the spirit of cooperation and the desire to resolve this matter amicably, without incurring the unwarranted expense of litigation.

20. The Department has carefully considered the six statutory penalty factors enumerated in Ala. Code § 22-22A-5(18)c., *as amended*, as well as the need for timely and effective enforcement and, based upon the foregoing and attached contentions, has concluded that the civil penalty herein is appropriate (*See* "Attachment A", which is hereby made a part of the Department's Contentions).

21. The Department neither admits nor denies Permittee's Contentions, which are set forth below. The Department has agreed to the terms of this Consent Order in an effort to resolve the alleged violations cited herein without the unwarranted expenditure of State resources in further prosecuting the above violations. The Department has determined that the terms contemplated in this Consent Order are in the best interests of the citizens of Alabama.

PERMITTEE'S CONTENTIONS

22. The Permittee neither admits nor denies the Department's Contentions. The Permittee consents to abide by the terms of this Consent Order and to pay the civil penalty assessed herein.

ORDER

THEREFORE, the Permittee, along with the Department, desires to resolve and settle the compliance issues cited above. The Department has carefully considered the facts available to it and has considered the six penalty factors enumerated in Ala. Code § 22-22A-5(18)c, as amended, as well as the need for timely and effective enforcement, and the Department has determined that the following conditions are appropriate to address the violations alleged herein. Therefore, the Department and the Permittee agree to enter into this Consent Order with the following terms and conditions:

A. The Permittee agrees to pay to the Department a civil penalty in the amount of \$34,000.00 in settlement of the violations alleged herein with eleven payments of \$2,830.00 and one final payment of \$2,870.00. The first payment will be due within forty-five days from the effective date of this Consent Order, and each payment thereafter will be due on the next business day of the following calendar month following the anniversary of the first payment. Failure to make payments as set above may result in the Department's filing a civil action in the Circuit Court of Montgomery County to recover the civil penalty.

B. The Permittee agrees to pay to the Department a stipulated penalty in the amount of \$10,000.00 per month, beginning with November 2026 and ending with May 2027 for each entire month in which the Facility is not in compliance with the stipulations of this Order under paragraph F(2) through (4).

C. The Permittee agrees to pay any stipulated penalties for the months of November 2026, up to and including May of 2027, by July 1, 2027.

D. For the purpose of determining whether stipulated penalties under paragraphs B and C above are owed, the Permittee shall use the requirements of stipulations of this Order under paragraph (F)(2) through (4).

E. The Permittee agrees that all penalties due pursuant to this Consent Order shall be made payable to the Alabama Department of Environmental Management by certified or cashier's check and shall be remitted to:

Office of General Counsel
Alabama Department of Environmental Management
P.O. Box 301463
Montgomery, Alabama 36130-1463

F. The Permittee agrees to comply with all requirements of ADEM Administrative Code div. 335-3 and the Permit immediately upon the effective date of this Order and continuing every day thereafter. Additionally, the Permittee agrees to comply with the following requirements immediately upon the effective date of this Order:

(1) The Permittee shall operate and maintain the air pollution control devices and capture systems at the Facility, at all times, in a manner so as to minimize the emissions of air contaminants to the extent reasonable and practicable, as required under Permit Proviso No. 7.

(2) The Permittee shall, to the extent practicable, install, operate, calibrate, maintain, and record the output signal of a bag leak detection system for each exhaust stack of each fabric filter (baghouse), according to the requirements of 40 CFR 63.1510(f)(1)(i-x).

(3) The Permittee shall install, calibrate, operate and maintain a device to continuously monitor and record the inlet temperature of gases to each fabric filter (baghouse)

consistent with the requirements for a continuous monitoring system in Subpart A to 40 CFR Part 63 and as required by 40 CFR 63.1510(h).

(4) By no later than November 1, 2026, the Permittee shall have installed all required continuous monitoring system devices as described in paragraph 2 and 3 of this section.

(5) The Permittee shall submit a quarterly report detailing the progress that has been made regarding the installation of the continuous monitoring system devices as described in paragraphs 2 and 3 of this section. The reports shall be submitted for each quarterly (90-days) period, starting upon the effective date of this Order, and every 90 days thereafter, including the final report following completion of the Permittee's obligations under paragraph (F)(1) through (4).

(6) Quarterly reports required by paragraph (F)(5), shall be submitted to the Department no later than 15 days after the end of the reporting period.

G. The parties agree that this Consent Order shall apply to and be binding upon both parties, their directors, officers, and all persons or entities acting under or for them. Each signatory to this Consent Order certifies that he or she is fully authorized by the party he or she represents to enter into the terms and conditions of this Consent Order, to execute the Consent Order on behalf of the party represented, and to legally bind such party.

H. The parties agree that, subject to the terms of these presents and subject to provisions otherwise provided by statute, this Consent Order is intended to operate as a full resolution of the violations which are cited in this Consent Order.

I. The Permittee agrees that it is not relieved from any liability if it fails to comply with any provision of this Consent Order.

J. For purposes of this Consent Order only, the Permittee agrees that the Department may properly bring an action to compel compliance with the terms and conditions contained herein in the Circuit Court of Montgomery County. The Permittee also agrees that in any action brought by the Department to compel compliance with the terms of this Agreement, the Permittee shall be limited to the defenses of *Force Majeure*, compliance with this Agreement and physical impossibility. A *Force Majeure* is defined as any event arising from causes that are not foreseeable and are beyond the reasonable control of the Permittee, including its contractors and consultants, which could not be overcome by due diligence (i.e., causes which could have been overcome or avoided by the exercise of due diligence will not be considered to have been beyond the reasonable control of the Permittee) and which delays or prevents performance by a date required by the Consent Order. Events such as unanticipated or increased costs of performance, changed economic circumstances, normal precipitation events, or failure to obtain federal, state, or local permits shall not constitute *Force Majeure*. Any request for a modification of a deadline must be accompanied by the reasons (including documentation) for each extension and the proposed extension time. This information shall be submitted to the Department a minimum of ten working days prior to the original anticipated completion date. If the Department, after review of the extension request, finds the work was delayed because of conditions beyond the control and without the fault of the Permittee, the Department may extend the time as justified by the circumstances. The Department may also grant any other additional time extension as justified by the circumstances, but it is not obligated to do so.

K. The Department and the Permittee agree that the sole purpose of this Consent Order is to resolve and dispose of all allegations and contentions stated herein concerning the factual circumstances referenced herein. Should additional facts and circumstances be discovered in the

future concerning the facility which would constitute possible violations not addressed in this Consent Order, then such future violations may be addressed in Orders as may be issued by the Director, litigation initiated by the Department, or such other enforcement action as may be appropriate, and the Permittee shall not object to such future orders, litigation or enforcement action based on the issuance of this Consent Order if future orders, litigation or other enforcement action address new matters not raised in this Consent Order.

L. The Department and the Permittee agree that this Consent Order shall be considered final and effective immediately upon signature of all parties. This Consent Order shall not be appealable, and the Permittee does hereby waive any hearing on the terms and conditions of same.

M. The Department and the Permittee agree that this Order shall not affect the Permittee's obligation to comply with any federal, state, or local laws or regulations.

N. The Department and the Permittee agree that final approval and entry into this Order are subject to the requirements that the Department give notice of proposed Orders to the public, and that the public have at least thirty days within which to comment on the Order.

O. The Department and the Permittee agree that, should any provision of this Order be declared by a court of competent jurisdiction or the Environmental Management Commission to be inconsistent with federal or state law and therefore unenforceable, the remaining provisions hereof shall remain in full force and effect.

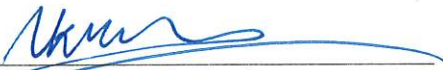
P. The Department and the Permittee agree that any modifications of this Order must be agreed to in writing signed by both parties.

Q. The Department and the Permittee agree that, except as otherwise set forth herein, this Order is not and shall not be interpreted to be a permit or modification of an existing permit

under federal, state or local law, and shall not be construed to waive or relieve the Permittee of its obligations to comply in the future with any permit.

Executed in duplicate, with each part being an original.

HIKAE ALUMINUM PROCESSING,
L.L.C.


(Signature of Authorized Representative)

Akhil Kumbalaparambil
(Printed Name)

COO
(Printed Title)

Date Signed: 09/21/2026

ALABAMA DEPARTMENT OF
ENVIRONMENTAL MANAGEMENT

Edward F. Polos
Director

Date Executed: _____

Attachment A
Hikae Aluminum Processing L.L.C.
Ashville, ST Clair County
ADEM Air Facility ID No. 410-0041

Violation¹	Number of Violations¹	Seriousness of Violation¹	Standard of Care¹	History of Previous Violations¹	Total of Three Factors²
Failure to install and operate bag leak detection system (MACT)	1	\$ 11,300.00	\$ 7,900.00	-	\$ 19,200.00
Failure to monitor and record baghouse inlet temperature (MACT)	1	\$ 11,300.00	\$ 7,900.00	-	\$ 19,200.00
Failure to timely submit SEER report (MACT)	1	\$ 2,800.00	\$ 800.00	-	\$ 3,600.00
TOTAL PER FACTOR		\$ 25,400.00	\$ 16,600.00	-	\$ 42,000.00

Adjustments to Amount of Initial Penalty	
Mitigating Factors (-)	-\$8,000
Ability to Pay (-)	-
Other Factors (+/-)	-
Total Adjustments (+/-)	-\$8,000

Economic Benefit (+)	-
Amount of Initial Penalty	\$ 42,000.00
Total Adjustments (+/-)	-\$8,000
Adjustment for Statutory Cap ³	-
FINAL PENALTY	\$ 34,000.00

Footnotes

¹ See the "Department's Contentions" portion of the Order for a detailed description of each violation and the penalty factors.

² Pursuant to Ala. Code §22-22A-5(18)c., as amended, the penalty for each individual violation is limited to \$25,000.00.

³ Pursuant to Ala. Code §22-22A-5(18)c., as amended, the total assessed penalty is limited to \$250,000.00.