

2007

Sierra Pacific Industries settles Air Quality case with California State Air Resources Board

The company was fined \$13,000,000 by the state for violations that took place between 1999 – 2004 at four Northern California SPI facilities: Susanville, Loyalton, Quincy and Lincoln.

Violations included among other things:

- Operating without air pollution control equipment
- Disconnecting equipment
- Tampering with equipment
- Falsifying reports
- Actively concealing violations from regulators

SPI Air Quality Violations – Summary

1. SPI illegally emitted air contaminants from four power plants on hundreds of occasions for 5 years from 1999-2004.

- The Northern California Plants: Susanville, Loyalton, Quincy and Lincoln.
- The violations included operating without required pollution control equipment, not reporting violations, and actively concealing violations from regulators.
- SPI plant managers expressly directed employees to take actions that violated the permit requirements.
- Plant managers appeared to care about little other than generating profits while they endangered the public health and safety of thousands of northern California citizens—for years.

2. The Regional Air Districts

- Lassen Co. APCD
- Northern Sierra Air Quality Management District
- Placer Co. APCD

Pollutants were NO_x, CO and Particulate Matter (Smoke) produced far in excess of their permits. The pollution is the heart of the complaint by the AG but...

3. The Lincoln Plant Violations

- Critical Air Pollution Control Equipment was disconnected, maintained in a state of disrepair or simply not used.
- SPI tampered with the monitoring equipment so that it would indicate much lower emissions.
- Despite the tampering the monitoring system reveals hundreds of violations.
- SPI filed false pollution reports and failed to report violations.
- All the plants are in non-attainment areas; Lincoln is at non-attainment for *ozone*, *8-hour ozone*, *PM 10* and *PM 2.5*

4. Additional malfeasances

a. In 1999 SPI's competitors spent \$1,145,000,000 dollars installing air pollution control equipment. They violated the law for economic advantage.

- b. SPI employees were taught how to tamper with the emission reporting data collectors.
- c. SPI employers pressured employees to run boilers at or above capacity exceeding air contaminant permit levels.
- d. At the Lincoln plant they intentionally decided to operate without using pollution controls.
- e. SPI employees prepared “upset/breakdown” reports so frequently that one joked he feared “carpal tunnel” from the paperwork.
- f. Although managers had unlimited access to emissions information, the violations continued month after month, year after year.
- g. Although SPI could have used steam to dry wet material and avoid violations, SPI’s owner Red Emmerson testified that, “there are better uses for energy than to dry fuel.” Making money selling electricity buy burning wet material and polluting several California communities was a better choice for the sawmills.

5. Environmental Harm

- a. The cities of Grass Valley and Nevada City are down wind of the Lincoln Plant 15,000 people live in the city limits (2006 Census)
- b. If California reached air quality attainment:
 - between 310 to 950 premature deaths could be avoided
 - between 2400 to 5800 hospitalizations for respiratory diseases could be avoided
 - between 1.2 to 8.6 million school absences could be avoided
 - between 1.3 and 5 million minor restricted activity days for adults could be avoided.
- c. California’s Air Pollution Control System depends heavily on the Honor System. SPI evidently believes in a different system for itself...

“Each day that tampering occurred resulted in a false record that was intended to deceive within the meaning of Health & Safety Code 42402.4”, The Peoples Brief p. 27.

- d. Placer Co. received 30 complaints of ash and soot pollution for the Lincoln plant form 2000 to 2007.

6. SPI’s Defense

Government agencies conspired to enforce the law!

SPI faced penalties of approximately \$46.8 million for violations at the four northern California plants. Lawyers for SPI asked for additional time to work out a settlement agreement. During this period SPI secretly went to Lassen County and the Northern Sierra District –who had not discovered or investigated the violations nor made any demand to SPI—and offered small cash payments in exchange for release of liability to the air districts. The districts accepted. Upon learning of SPI’s deceit, the California Attorney General filed suit.

7. Penalties

Over \$13 million in civil fines, penalties, attorneys fees and equipment upgrades.

SPI is characterizing this as a donation to the communities!