



CALIFORNIA STEEL INDUSTRIES, INC.

September 16, 2011

14000 San Bernardino Avenue, P.O. Box 5080
Fontana, California 92335
Telex 201239 (909) 350-6300

Robert L. Holub, Division Chief
California Regional Water Quality
Control Board – Santa Ana Region
3737 Main Street, Suite 500
Riverside, CA 92501-3348

Dear Mr. Holub:

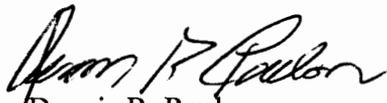
Re: Acceptance of Conditional Resolution and Waiver of Right to Hearing
Mandatory Minimum Penalty Order No. R8-2011-0035

Per your September 1, 2011, letter to California Steel Industries, Inc. (CSI) regarding the expedited payment option and waiver of rights to a hearing for mandatory minimum penalties for violations of Order No. R8-2004-0044, NPDES No. CA0105449, California Steel Industries, Inc. wishes to accept the expedited payment option; and, following your instructions, is enclosing two (2), original, signed "Acceptance of Conditional Resolution and Waiver of Right to Hearing" forms, signed by Brett J. Guge, CSI Executive Vice President of Finance and Administration.

CSI understands that once this agreement is executed by the Regional Board's Executive Officer, the payment of \$114,000, mandatory minimum penalty will be due within 30 days.

Very truly yours,

ENVIRONMENTAL SERVICES


Dennis R. Poulsen
Manager

DRP/blp
Enclosures

cc: N. Amin – CRWQCB-SAR
R. Wall – CSI

C0083
C0373A
C90075
N90030

CRWQCB - REGION 8
RLP 9/27

SEP 20 2011

GDS
N/A 9/28

CERTIFIED MAIL ARTICLE NO.: 7008 1140 0001 3021 1616

I hereby affirm that I am duly authorized to act on behalf of and to bind California Steel Industries, Inc. in the making and execution of this Acceptance of Conditional Resolution and Waiver of Right to Hearing.

Brett J. Guge, Executive V.P. - Finance & Administration
Name and Title of the Person Signing on behalf of the California Steel Industries, Inc.

 9-14-11
Signature Date

IT IS SO ORDERED PURSUANT TO CALIFORNIA WATER CODE SECTION 13385.

Signature Date
Kurt V. Berchtold, Executive Officer
Santa Ana Regional Water Quality Control Board



California Regional Water Quality Control Board

Santa Ana Region



Matthew Rodriguez
Secretary for
Environmental Protection

3737 Main Street, Suite 500, Riverside, California 92501-3348
Phone (951) 782-4130 • FAX (951) 781-6288
www.waterboards.ca.gov/santaana

Edmund G. Brown Jr.
Governor

September 1, 2011

Dennis R. Poulsen
California Steel Industries, Inc.
PO Box 5080
Fontana, CA 92335

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

EXPEDITED PAYMENT OPTION TO ADDRESS MANDATORY MINIMUM PENALTIES FOR VIOLATIONS OF ORDER NO. R8-2004-0044, NPDES NO. CA0105449

Dear Mr. Poulsen:

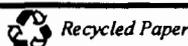
This is to notify California Steel Industries (hereinafter "CSI"), that CSI is alleged to have violated California Water Code (CWC) Section 13385 (h) and (i) for which the Regional Board must assess mandatory minimum penalties. This letter outlines an expedited methodology for settling the outstanding violations and the mandatory minimum penalties associated with them. Enclosed is a proposed *Acceptance of Conditional Resolution and Waiver of Right to Hearing*, for your consideration. Once this document is signed by the Executive Officer of the Regional Board, it will serve as a Mandatory Minimum Penalty Order.

VIOLATIONS AND STATUTORY AND DISCRETIONARY LIABILITIES:

Attachment 1 to the enclosed document identifies CSI's violations of Order No. R8-2004-0044, NPDES No. CA0105449, that are subject to mandatory penalties. Pursuant to CWC Section 13385 (h) and (i), a mandatory penalty of three thousand dollars (\$3,000) shall be assessed for each non-serious violation, not counting the first three non-serious violations following each six-month, violation-free, period.

As shown in Attachment 1, CSI incurred a total of forty-two reported violations between November 2008 and March 2011. Of these, one non-serious violation that occurred in January 2010, two that occurred in December 2010, and one that occurred in January 2011 are not subject to mandatory penalty assessment. Thirty-eight of the forty-two violations are subject to mandatory penalties of \$3,000 for each violation. In accordance with Water Code Section 13385 (h) and (i), the total mandatory penalty for the thirty-eight effluent limit violations cited in Attachment 1 is one-hundred fourteen thousand dollars (38 x \$3,000 = \$114,000).

California Environmental Protection Agency



Alternatively, in accordance with Water Code Section 13385(c), the Regional Board may impose discretionary administrative civil liability for the violations cited in Attachment 1. The maximum administrative civil liability which may be imposed for the forty-two violations is \$420,000 (\$10,000 per violation), plus an additional assessment of \$10 per gallon of effluent discharged during the duration of the violation episode, in excess of the first 1000 gallons of effluent.

EXPEDITED PAYMENT PROGRAM:

Generally, the Regional Board would issue a formal administrative civil liability complaint to assess these penalties and conduct a public hearing. To conserve CSI's as well as Regional Board's staff resources, we have developed a methodology for dischargers to settle these types of violations through an expedited payment program. If CSI desires to have an expedited settlement as stipulated in the attached document, CSI must sign it and make a payment of one-hundred-forty-one thousand dollars (\$141,000) to this office. If CSI accepts this option, CSI would be also waiving its right to a hearing. The Regional Board will then forgo issuance of a formal administrative complaint and will waive its right to seek additional discretionary civil liabilities for the violations identified in Attachment 1. Please note that the expedited payment option does not address any violation that is not specifically identified in Attachment 1.

CSI'S OPTIONS:

1. Accept this offer for expedited payment by signing and returning the attached documents by September 23, 2011. Two copies are enclosed. Please sign and return both copies. One copy will be later returned to you and the other will remain in our files.

Federal regulations require the Regional Board to publish and seek public comments on any proposed settlement of actions related to NPDES permit violations (40 CFR 123.27(d)(2)(iii)). Upon receipt of the CSI's acceptance of the expedited payment option, Regional Board staff will publish the proposed settlement. If no significant public comments are received within 30 days, the Executive Officer will counter-sign the document and it will serve as an Order issued by the Regional Board. The counter-signed Order will be returned to you and you will be required to pay the mandatory minimum penalty of \$114,000 within 30 days of its issuance. If significant public comments are received during the public comment period, Board staff will try to address those comments. If the comments cannot be satisfactorily addressed by staff, the expedited payment option will be withdrawn and a formal administrative complaint may be issued and a public hearing may be scheduled at a regularly scheduled Regional Board meeting.



2. If CSI chooses to contest any of the violations cited in Attachment 1, please identify the specific violation and the basis for the challenge (e.g., factual error, affirmative defense, analytical error, etc.) prior to September 23, 2011. Board staff will evaluate the contested violation and determine that either the violation is not supported and amend the appropriate documents, or determine that the alleged violation is meritorious and inform CSI of the staff decision. If CSI is not satisfied with the staff decision, a formal administrative complaint and a public hearing may be considered.

If you have any questions about this letter or the attachments, please contact Najah Amin of my staff at (951) 320-6362 (namin@waterboards.ca.gov).

Sincerely,



Robert L. Holub
Division Chief

Enclosures: Acceptance of Expedited Payment and Waiver of Right to a Hearing
Attachment 1 (*Effluent Limit Violations Of Order No. R8-2004-0044, NPDES No. CA0105449 Monitoring Period Covered: March 2008 to March 2011*)

cc: wenclosures (by electronic mail only):

Board Members
Executive Officer
State Water Resources Control Board, Office of Chief Counsel – David Rice
State Water Resources Control Board, Office of Enforcement – Reed Sato
U.S. Environmental Protection Agency, Region 9 (WTR-7) – Ken Greenberg





California Regional Water Quality Control Board

Santa Ana Region



Matthew Rodriguez
Secretary for
Environmental Protection

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Acceptance of Conditional Resolution and Waiver of Right to Hearing
California Steel Industries Inc.

Mandatory Minimum Penalty Order No. R8-2011-0035

By signing and returning this Acceptance of Conditional Resolution and Waiver of Right to Hearing, California Steel Industries (CSI) hereby accepts the resolution of the mandatory minimum penalty assessments for the violations cited in Attachment 1 - *Effluent Limit Violations of Order No. R8-2004-0044, NPDES No. CA0105449, Monitoring Period Covered: March 2008 To March 2011, California Steel Inc.*, for which mandatory minimum penalties shall be assessed by the Regional Board. By signing this document, CSI also waives its right to a hearing before the Regional Board. Attachment 1 is incorporated into this document by reference.

CSI agrees that this document and Attachment 1 will serve as a Complaint pursuant to Article 2.5 of the California Water Code (CWC) and that no separate Complaint is required by the Regional Board to assert jurisdiction over the alleged violations. CSI agrees to pay the mandatory minimum penalty of \$114,000 as shown in the expedited payment option letter dated September 2, 2011, which shall be deemed payment in full for the violations listed in Attachment 1, pursuant to CWC Section 13385.

CSI understands that pursuant to 40 CFR Section 123.27(d)(2)(iii), the Regional Board is required to provide public notice for at least 30 days and seek comments of any settlement agreement with the dischargers related to NPDES permit violations, prior to the Executive Officer executing any settlement agreements such as this document. CSI understands that if significant comments are received, this agreement may not be executed and the offer for expedited payment and settlement may be withdrawn and the Regional Board may choose to take formal enforcement action.

CSI understands that once this agreement is executed by the Executive Officer of the Regional Board, it shall become a Mandatory Minimum Penalty Order and payment is due within 30 days. A check for \$114,000 made payable to the State Water Resources Control Board shall be submitted to the Regional Board office.

CSI understands that this document only addresses the violations cited in Attachment 1.

California Environmental Protection Agency



I hereby affirm that I am duly authorized to act on behalf of and to bind California Steel Industries, Inc. in the making and execution of this Acceptance of Conditional Resolution and Waiver of Right to Hearing.

Name and Title of the Person Signing on behalf of the California Steel Industries, Inc.

Signature

Date

IT IS SO ORDERED PURSUANT TO CALIFORNIA WATER CODE SECTION 13385.

Signature

Date

Kurt V. Berchtold, Executive Officer
Santa Ana Regional Water Quality Control Board



California Regional Water Quality Control Board

Santa Ana Region



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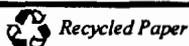
Attachment 1

EFFLUENT LIMIT VIOLATIONS OF ORDER NO. R8-2004-0044, NPDES NO. CA0105449
MONITORING PERIOD COVERED: MARCH 2008 TO MARCH 2011
CALIFORNIA STEEL INDUSTRIES, INC.

DATE OF VIOLATION	DISCHARGE POINT	pH VIOLATIONS >8.5 Standard Units	OIL & GREASE >15 mg/L Maximum Daily Concentration	TSS >75 mg/L Maximum Daily Concentration	TOTAL VIOLATIONS	VIOLATIONS SUBJECT TO MANDATORY PENALTIES
No violations between March -08 and November - 08 (8-month)						
11/26/08	DP-02			(1)-"150"	1	1
11/27/08	DP-02			(1)-"260"	1	1
11/27/08	DP-03			(1)-"1200"	1	1
12/15/08	DP-02			1-"94"	1	1
12/15/08	DP-03			(1)-"200"	1	1
12/17/08	DP-02			1-"83"	1	1
12/25/08	DP-02			1-"110"	1	1
No violations in January 2009						
02/17/09	DP-02			1-"90"	1	1
No violations between March 2009 and November 2009 (9-months)						
12/07/09	DP-03			(1)-"170"	1	1
01/18/10	DP-01			(1)-"120"	1	1
01/19/10	DP-01		[1]-"16"	(1)-"340"	2	1
01/18/10	DP-02			(1)-"240"	1	1
01/19/10	DP-02	1-"9.1"		(1)-"320"	2	2
01/18/10	DP-03		1-"17"	(1)-"250"	2	2
01/18/10	DP-04		1-"22"		1	1
01/19/10	DP-03		1-"16"		1	1
01/20/10	DP-02			(1)-"150"	1	1
01/21/10	DP-02			1-"89"	1	1
01/21/10	DP-03			1-"86"	1	1
01/22/10	DP-02	1-"8.7"		1-"85"	2	2
01/22/10	DP-03	1-"8.7"			1	1
02/06/10	DP-04	1-"8.6"		1-"110"	2	2
02/06/10	DP-02	1-"8.8"			1	1
02/09/10	DP-03		1-"25"		1	1

Notes : [] = Non-serious violations waived under this complaint pursuant to water Code Section 13385(i)
() = Serious violations pursuant to Water Code Section 13385 (h)
.. = Reported

California Environmental Protection Agency



DATE OF VIOLATION	DISCHARGE POINT	pH VIOLATIONS >8.5 Standard Units	OIL & GREASE >15 mg/L Maximum Daily Concentration	TSS >75 mg/L Maximum Daily Concentration	TOTAL VIOLATIONS	VIOLATIONS SUBJECT TO MANDATORY PENALTIES
02/10/10	DP-03		1-"23"		1	1
03/06/10	DP-02	1-"8.8"		(1)-"140"	2	2
03/06/10	DP-03	1-"8.8"		(1)-"210"	2	2
04/12/10	DP-02	1-"8.7"			1	1
No violations between May 2010 and November 2011 (7-months)						
12/22/10	DP-02	[1]-"8.6"			1	0
12/22/10	DP-03	[1]-"8.6"			1	0
01/31/11	DP-02	[1]-"8.6"		(1)-"230"	2	1
01/31/11	DP-03			(1)-"170"	1	1
2/16/11	DP-03			1-"110"	1	1
03/21/11	DP-02	1-"8.6"			1	1
Total Violations						
		12	6	24	42	38

Notes : [] = Non-serious violations waived under this complaint pursuant to water Code Section 13385 (i)
 () = Serious violations pursuant to Water Code Section 13385 (h)
 ** = Reported Values