IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF IOWA CEDAR RAPIDS DIVISION

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UNITED STATES OF AMERICA,)
AND)
THE STATE OF IOWA,))
AND)
THE COUNTY OF LINN, IOWA) COMPLAINT
Plaintiffs,)
V.) Civil Action No.: 15-0061
INTERSTATE POWER AND LIGHT COMPANY,)
Defendant.)
)

Plaintiffs, the United States of America, at the request and on behalf of the Administrator of the United States Environmental Protection Agency ("EPA"), and the State of Iowa and the County of Linn, Iowa, on behalf to the Iowa Department of Natural Resources, allege the following:

NATURE OF THE ACTION

1. This is a civil action pursuant to Sections 113(b), 167, and 304(a) of the Clean Air Act ("CAA"), 42 U.S.C. §§ 7413(b), 7477, 7604(a), and Iowa Code Sections 455B.112, 455B.141, 455B.144, and 455B.146, against Interstate Power and Light Company ("IPL" or "Defendant") for injunctive relief and civil penalties as a result of violations of the Prevention of

Significant Deterioration ("PSD") provisions of the Act, 42 U.S.C. §§ 7470-7492, and the EPA-approved Iowa State Implementation Plan ("Iowa SIP") regulations promulgated thereunder.

- 2. Defendant modified, and thereafter operated, certain coal-fired electric generating units in Iowa without obtaining proper permits and without installing and employing the best available control technology ("BACT") to control emissions of sulfur dioxide (" SO_2 ") and/or nitrogen oxide (" NO_x "), as required by the CAA and applicable regulations.
- 3. Defendant's operation of these units has resulted in large amounts of SO_2 , NO_x , and particulate matter pollution each year that have been, and still are being, released into the atmosphere.

JURISDICTION AND VENUE

- 4. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331, 1345, 1355, and 1367, and pursuant to Sections 113, 167, and 304 of the CAA, 42 U.S.C. §§ 7413, 7477, and 7604.
- 5. Venue is proper in this District pursuant to Sections 113(b) and 304(c) of the Act, 42 U.S.C. §§ 7413(b) and 7604(c), and 28 U.S.C. §§ 1391(b) and (c) and 1395(a), because some of the violations that are the subject of this Complaint occurred and are occurring within this District, and Defendant resides in this District.

NOTICES

6. Notice has been provided to the Defendant and the State of Iowa, as required by Section 113 of the CAA, 42 U.S.C. § 7413.

AUTHORITY

7. The United States Department of Justice has authority to bring this action on behalf of the Administrator of the EPA under 28 U.S.C. §§ 516 and 519 and CAA Section 305,

42 U.S.C. § 7605. The authority of the Iowa Attorney General to bring this action on behalf of the State of Iowa and the County of Linn, Iowa, derives from the CAA and Iowa Code Sections 455B.112, 455B.141, and 455B.146.

THE DEFENDANT

- 8. Defendant Interstate Power and Light Company is incorporated in Iowa with headquarters in Cedar Rapids, Iowa. It is the operator and the owner or co-owner of a number of electric generating plants in Iowa, including the Lansing Generating Station in Allamakee County, Iowa, and the Ottumwa Generating Station in Wapello County, Iowa.
- 9. Defendant is a "person" within the meaning of Section 302(e), 42 U.S.C. § 7602(e) of the CAA.

STATUTORY AND REGULATORY BACKGROUND

10. The CAA is designed to protect and enhance the quality of the nation's air so as to promote the public health and welfare and the productive capacity of its population. Section 101(b)(1) of the CAA, 42 U.S.C. § 7401(b)(1).

National Ambient Air Quality Standards

11. Section 109 of the CAA, 42 U.S.C. § 7409, requires the Administrator of EPA to promulgate regulations establishing primary and secondary national ambient air quality standards ("NAAQS") for those air pollutants ("criteria pollutants") for which air quality criteria have been issued pursuant to Section 108 of the CAA, 42 U.S.C. § 7408. The primary NAAQS are set to be adequate to protect the public health with an adequate margin of safety, and the secondary NAAQS are set to be adequate to protect the public welfare from any known or anticipated adverse effects associated with the presence of the air pollutant in the ambient air.

- 12. Under Section 107(d) of the Act, 42 U.S.C. § 7407(d), each state is required to designate those areas within its boundaries where the air quality is better or worse than the NAAQS for each criteria pollutant, or where the air quality cannot be classified due to insufficient data. An area that meets the NAAQS for a particular pollutant is termed an "attainment" area. An area that does not meet the NAAQS is a "nonattainment" area. An area that cannot be classified due to insufficient data is "unclassifiable." At all times relevant to the violations alleged in this action, Defendant's Lansing and Ottumwa Generating Stations were located in areas that had been designated as being in attainment with the NAAQS for NO_x and SO₂.
- 13. Pursuant to 42 U.S.C. § 7410, each State must adopt and submit to EPA for approval a SIP that provides for the attainment, maintenance, and enforcement of the NAAQS. A SIP is enforceable by the respective state in which it is adopted and, pursuant to Section 113(b) of the CAA, 42 U.S.C. § 7413(b), by the United States.
- 14. Section 110(a)(2)(C) of the CAA, 42 U.S.C. § 7410(a)(2)(C), requires each SIP to include, *inter alia*, a permit program to regulate the modification and construction of any stationary source of air pollution as necessary to assure the NAAQS are achieved.

Prevention of Significant Deterioration Requirements

15. Part C of Title I of the CAA, 42 U.S.C. §§ 7470-7492, contains requirements for the prevention of significant deterioration of air quality in those areas designated as either in attainment or unclassifiable for purposes of meeting the NAAQS, such as Allamakee and Wapello counties, where the Lansing and Ottumwa Generating Stations are located. These requirements are designed to protect public health and welfare, to assure that economic growth will occur in a manner consistent with the preservation of existing clean air resources, and to

assure that any decision to permit increased air pollution is made only after careful evaluation of all the consequences of such a decision and after adequate opportunities for public participation in the decision making process. These Prevention of Significant Deterioration provisions are referred to as the "PSD" program, which is part of the overall New Source Review ("NSR") program. The NSR program also includes requirements for areas designated as being in nonattainment with the NAAQS standards, known as the Nonattainment NSR program, which is set forth at Part D of the Title I of the Act, 42 U.S.C. §§ 7501-7515.

- As part of the PSD program, Section 165(a) of the Act, 42 U.S.C. § 7475(a), among other things, prohibits the construction and operation of a "major emitting facility" in an area designated as attainment or unclassifiable unless a permit has been issued that comports with the requirements of Section 165 and the facility is subject to BACT¹ for each pollutant subject to regulation under the Act that is emitted from the facility. Section 169(1) of the CAA, 42 U.S.C. § 7479(1), designates fossil fuel fired steam electric plants of more than two hundred and fifty million British thermal units ("BTUs") per hour heat input and that emit or have the potential to emit one hundred tons per year or more of any regulated pollutant to be "major emitting facilities."
- 17. Further, Section 165(a)(3) of the Act, 42 U.S.C. § 7575(a)(3), allows issuance of a PSD permit only if "the owner or operator of such facility demonstrates, as required pursuant to

Section 169(3) of the Act, 42 U.S.C. § 7479(3) defines BACT, in pertinent part, as "an emission limitation based on the maximum degree of reduction of each pollutant subject to regulation under this chapter emitted from or which results from any major emitting facility which the permitting authority, on a case-by-case basis, taking into account energy, environmental, and economic impacts and other costs, determines if it is achievable for such facility"

section 7410(j) of this title, that emissions from construction or operation of such facility" will not compromise compliance with applicable air quality standards.

- 18. Section 169(2)(c) of the CAA, 42 U.S.C. § 7479(2)(C), defines "construction" as including "modification" (as defined in Section 111(a) of the CAA). "Modification" is defined in Section 111(a) of the CAA, 42 U.S.C. § 7411(a)(4), to be "any physical change in, or change in the method of operation of, a stationary source which increases the amount of any air pollutant emitted by such source or which results in the emission of any air pollutant not previously emitted."
- 19. Section 161 of the Act, 42 U.S.C. § 7471, requires that each applicable SIP contain a regulatory PSD program. A state may comply with this requirement by having its own PSD regulations approved by EPA, which must be at least as stringent as EPA regulations set forth at 40 C.F.R. § 51.166. Upon EPA approval, state PSD requirements are federally enforceable under Section 113 of the CAA, 42 U.S.C. §§ 7413(a), (b); 40 C.F.R. § 52.23.
- 20. If a state does not have a PSD program that has been approved by EPA and incorporated into the SIP, the federal PSD regulations set forth at 40 C.F.R. § 52.21 are incorporated by reference into the SIP. *See* 40 C.F.R. § 52.21(a).
- 21. Iowa administers a SIP-approved PSD program, which is governed by its PSD rules at Iowa ADMIN. Code r. 567-33. The Iowa PSD regulations were originally approved by EPA into the Iowa SIP on June 26, 1987, and adopted by reference EPA's PSD rules found at 40 C.F.R. § 52.21. *See* 52 Fed. Reg. 23,981. Iowa's EPA-approved PSD SIP regulations are currently codified at Iowa ADMIN. Code r. 567-33. *See* 72 Fed. Reg. 27,056 (May 14, 2007).
- 22. Applicable provisions in the PSD regulations in the Iowa SIP have at all relevant times prohibited construction of a "major modification" without, among other things, obtaining a

PSD permit, undergoing a BACT determination, and applying BACT pursuant to such determination for each relevant pollutant. IoWA ADMIN. CODE r. 567-33.3(2). The definitions contained in the PSD regulations have at all relevant times defined "major modification" to include "any physical change in or change in the method of operation" of a major stationary source that would result in a significant net emissions increase of a regulated pollutant. IoWA ADMIN. CODE r. 567-33.3(1); 40 C.F.R. § 52.21(b)(2)(i). "Significant" means a rate of emissions that would equal or exceed any of the following rates for the following pollutants: NO_x, 40 tons per year; SO₂, 40 tons per year. IoWA ADMIN. CODE r. 567-33.3(1); 40 C.F.R. § 52.21(b)(23)(i). Effective July 15, 2008, a "significant" increase in SO₂ is also regulated as a precursor to fine particulate matter ("PM_{2.5}"). *See* 73 Fed. Reg. 28,321, 28, 327, 28,333-34 (May 16, 2008).

ENFORCEMENT PROVISIONS

- 23. Sections 113(a)(1) and (3) of the CAA, 42 U.S.C. § 7413(a)(1) and (3), provide that the Administrator may bring a civil action in accordance with Section 113(b) of the CAA whenever, on the basis of any information available, the Administrator finds that any person has violated or is in violation of any other requirement or prohibition of, *inter alia*, the PSD program or any rule or permit issued thereunder; or the provisions of any approved SIP or any permit issued thereunder.
- 24. Section 113(b) of the CAA, 42 U.S.C. § 7413(b), authorizes EPA to initiate a judicial enforcement action for a permanent or temporary injunction, and/or for a civil penalty of up to \$25,000 per day for each violation occurring before January 31, 1997; \$27,500 per day for each violation occurring on or after January 31, 1997; \$32,500 per day for each violation occurring after March 15, 2004; and \$37,500 per day for each violation occurring after January 12, 2009, pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. §

2461, as amended by 31 U.S.C. § 3701, against any person whenever such person has violated, or is in violation of, among other things, the requirements or prohibitions described in the preceding paragraph.

- 25. Section 167 of the CAA, 42 U.S.C. § 7477, authorizes EPA to initiate an action for injunctive relief as necessary to prevent the construction, modification, or operation of a major emitting facility which does not conform to the PSD requirements in Part C of Title I of the CAA.
- 26. Section 304(a) of the CAA, 42 U.S.C. § 7604(a) authorizes any person to commence a civil action for a violation of an emission standard or limitation. The State of Iowa and the County of Linn, Iowa, which has also been delegated by the State as the NSR permitting authority for some of IPL's generating units covered by the consent decree lodged contemporaneously with this complaint, are each a "person" within the meaning of CAA Section 304. 42 U.S.C. § 7602(e).
- 27. 40 C.F.R. § 52.23 provides, among other things, that any failure by a person to comply with any provision of 40 C.F.R. Part 52, or with any approved regulatory provision of a SIP shall render such person in violation of the applicable SIP, and subject to enforcement action pursuant to CAA Section 113, 42 U.S.C. § 7413.
- 28. Pursuant to Iowa Code Sections 455B.112, 455B.141, 455B.144, and 455B.146, the State of Iowa and the County of Linn, Iowa, may seek injunctive relief and civil penalties for violations of the Iowa SIP.

GENERAL ALLEGATIONS

29. At all times relevant to this Complaint, Defendant has been the operator and owner or co-owner of the Lansing and Ottumwa Generating Stations.

30. At all times pertinent to this civil action, the Lansing and Ottumwa Generating Stations have been "major emitting facilities" and "major stationary sources" within the meaning of the CAA and the PSD regulations for SO_2 and NO_x .

FIRST CLAIM FOR RELIEF – PSD VIOLATIONS

- 31. Paragraphs 1 30 are realleged and incorporated herein by reference.
- 32. Defendant commenced construction of one or more major modifications, as defined in the CAA and Iowa SIP regulations, at the Lansing and Ottumwa Generating Stations. Such major modifications included one or more physical changes or changes in the method of operation, including, but not necessarily limited to (1) the replacement of the superheater pendant and primary air ductwork, installation of a superheater sootblower, and repairs to the water wall at Lansing Unit 4, in 2009; and (2) repairs to the superheater and reheater components at Ottumwa Unit 1, in 2006. Such modifications resulted in significant net emissions increases, as defined by the relevant PSD regulations, of NO_x and/or SO₂.
- 33. Defendant did not comply with the PSD requirements in the CAA and the Iowa SIP with respect to the units it modified. Among other things, Defendant failed to obtain PSD permits for the construction and operation of the modified units. Defendant did not undergo a BACT determination, and failed to install and operate the best available control technology for the control of NO_x and SO_2 pursuant to such determination, as required by the CAA and the Iowa SIP.
- 34. Defendant has violated and continues to violate Section 165(a) of the CAA, 42 U.S.C. § 7475(a) and the PSD provisions of the Iowa SIP. Unless restrained by an order of this Court, these and similar violations of the Act will continue.

35. As provided in Section 113(b) of the CAA, 42 U.S.C. § 7413(b), the violations set forth above subject Defendant to injunctive relief and civil penalties of up to \$32,500 for each day of violation occurring on or after March 15, 2004; and \$37,500 for each day of violation occurring on or after January 12, 2009, pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. § 2461, as amended by 31 U.S.C. § 3701.

PRAYER FOR RELIEF

WHEREFORE, based upon all the allegations set forth above, the Plaintiffs request that this Court:

- 1. Permanently enjoin Defendant from operating the Lansing and Ottumwa

 Generating Stations, and any other of its facilities that have been unlawfully modified, except in
 accordance with the Clean Air Act and any applicable regulatory requirements;
- 2. Order Defendant to apply for NSR permits that conform with the permitting requirements in effect at the time of the permitting action, for each pollutant in violation of the NSR requirements of the Clean Air Act;
- 3. Order Defendant to remedy its past violations by, among other things, requiring Defendant to install and operate BACT at its units, for each pollutant in violation of the PSD requirements of the Clean Air Act;
- 4. Order Defendant to achieve, maintain, and demonstrate compliance with the CAA and applicable requirements established thereunder, including the PSD provisions described above;
- 5. Order Defendant to take other appropriate actions to remedy, mitigate, and offset the harm to the public health and the environment caused by the violations of the CAA and regulations alleged above;

- 6. Assess a civil penalty against Defendant of up to \$32,500 per day for each violation of the Clean Air Act and applicable regulations occurring after March 15, 2004; and \$37,500 per day for each such violation occurring on or after January 12, 2009;
 - 7. Award Plaintiffs their costs of this action; and,
 - 8. Grant other such relief as the Court deems just and proper.

Dated: July 15, 2015

Respectfully submitted,

FOR PLAINTIFF UNITED STATES OF AMERICA:

JOHN C. CRUDEN Assistant Attorney General Environment & Natural Resources Division

/s/ Jason A. Dunn

JASON A. DUNN
Senior Attorney
Environmental Enforcement Section
Environment & Natural Resources Division
U.S. Department of Justice
P.O. Box 7611
Washington, D.C. 20044-7611
Phone: (202) 514-1111

Phone: (202) 514-1111 Facsimile: (202) 514-0097 Jason.Dunn@usdoj.gov KEVIN W. TECHAU United States Attorney Northern District of Iowa

/s/ Matthew J. Cole

MATTHEW J. COLE
Chief of the Civil Division
U.S. Attorney's Office
Northern District Of Iowa
111 7th Avenue, SE
Box #1
Coder Parido JA 52401

Cedar Rapids, IA 52401 Phone: (319) 363-6333

Cedar Rapids Fax Line: (319) 363-1990 Cedar Rapids TTY Line: (319) 286-9258

Email: Matt.Cole@usdoj.gov

OF COUNSEL:

SARAH LABODA

Assistant Regional Counsel United States Environmental Protection Agency, Region 7 11201 Renner Blvd Lenexa, KS 66219

KELLIE ORTEGA

Attorney-Advisor Air Enforcement Division United States Environmental Protection Agency 1200 Pennsylvania Ave., NW Washington, D.C. 20460 FOR PLAINTIFFS STATE OF IOWA AND COUNTY OF LINN, IOWA:

THOMAS J. MILLER ATTORNEY GENERAL STATE OF IOWA

David S. Steward (with permission)

DAVID S. STEWARD

Assistant Attorney General

Environmental Law Division

Iowa Department of Justice

Lucas State Office Building

321 E. 12th Street, Room 18

Des Moines, Iowa 50319

Phone: (515) 281-5351 Facsimile: (515) 242-6072

E-Mail: david.steward@iowa.gov

<u>Lisa M. Epp (with permission)</u>

LISA M. EPP

Assistant Linn County Attorney

 $\begin{array}{l} Linn\ County\ Attorney-Civil\ Division \\ 934-2^{nd}\ Street\ SW \end{array}$

Cedar Rapids, IA 52404

Phone: (319) 892-6340

Facsimile: (319) 892-6346

E-Mail: Lisa.Epp@linncounty.org

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

purpose of illitiating the civil do	Seket sheet. (SEE INSTRUC	TIONS ON NEXT FAGE OF	T THIS FORM.)		
I. (a) PLAINTIFFS			DEFENDANTS		
,	F First Listed Plaintiff **CCEPT IN U.S. PLAINTIFF CA Address, and Telephone Numbe	,	County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY) NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED. Attorneys (If Known)		
II. BASIS OF JURISDI	CTION (Place an "X" in O	ne Box Only)	III. CITIZENSHIP OF P	RINCIPAL PARTIES	(Place an "X" in One Box for Plaintif
□ 1 U.S. Government Plaintiff	☐ 3 Federal Question (U.S. Government Not a Party)		(For Diversity Cases Only) P1 Citizen of This State		
☐ 2 U.S. Government Defendant	☐ 4 Diversity (Indicate Citizensh.)	ip of Parties in Item III)	Citizen of Another State	2	
			Citizen or Subject of a Foreign Country	3	□ 6 □ 6
IV. NATURE OF SUIT					
CONTRACT ☐ 110 Insurance ☐ 120 Marine ☐ 130 Miller Act ☐ 140 Negotiable Instrument ☐ 150 Recovery of Overpayment	PERSONAL INJURY □ 310 Airplane □ 315 Airplane Product Liability □ 320 Assault, Libel &	PERSONAL INJURY 365 Personal Injury - Product Liability 367 Health Care/ Pharmaceutical Personal Injury Product Liability 368 Asbestos Personal Injury Product Liability PERSONAL PROPER' 370 Other Fraud 371 Truth in Lending 380 Other Personal Property Damage 385 Property Damage Product Liability PRISONER PETITION Habeas Corpus: 463 Alien Detainee 510 Motions to Vacate Sentence 530 General 535 Death Penalty Other: 540 Mandamus & Othe 550 Civil Rights 555 Prison Conditions of	of Property 21 USC 881 690 Other	BANKRUPTCY □ 422 Appeal 28 USC 158 □ 423 Withdrawal 28 USC 157 PROPERTY RIGHTS □ 820 Copyrights □ 830 Patent □ 840 Trademark SOCIAL SECURITY □ 861 HIA (1395ff) □ 862 Black Lung (923) □ 863 DIWC/DIWW (405(g)) □ 864 SSID Title XVI □ 865 RSI (405(g)) FEDERAL TAX SUITS □ 870 Taxes (U.S. Plaintiff or Defendant) □ 871 IRS—Third Party 26 USC 7609	OTHER STATUTES □ 375 False Claims Act □ 400 State Reapportionment □ 410 Antitrust □ 430 Banks and Banking □ 450 Commerce □ 460 Deportation □ 470 Racketeer Influenced and Corrupt Organizations □ 480 Consumer Credit □ 490 Cable/Sat TV □ 850 Securities/Commodities/Exchange □ 890 Other Statutory Actions □ 891 Agricultural Acts □ 893 Environmental Matters □ 895 Freedom of Information Act □ 896 Arbitration □ 899 Administrative Procedure Act/Review or Appeal of Agency Decision □ 950 Constitutionality of State Statutes
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VI. CAUSE OF ACTIO			(specify) Te filing (Do not cite jurisdictional state		
VII. REQUESTED IN COMPLAINT:	CHECK IF THIS UNDER RULE 2	IS A CLASS ACTION 3, F.R.Cv.P.	DEMAND \$	CHECK YES only JURY DEMAND:	if demanded in complaint:
VIII. RELATED CASI IF ANY	E(S) (See instructions):	JUDGE		DOCKET NUMBER	
DATE		SIGNATURE OF ATT	TORNEY OF RECORD		
FOR OFFICE USE ONLY					