

1 BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

2

3 IN THE MATTER OF:)
4 PROPOSED SITE-SPECIFIC) R02-20
AIR POLLUTION REGULATIONS) (Site-Specific
5 APPLICABLE TO HORWEEN LEATHER) Rulemaking-Air)
COMPANY OF CHICAGO, ILLINOIS)
6 35 ILL. ADM. CODE 211.6170,)

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10 The following proceedings were
11 held before HEARING OFFICER WILLIAM MURPHY,
12 taken before GEANNA M. IAQUINTA, CSR, a
13 notary public within and for the County of
14 Cook and State of Illinois, at the James R.
15 Thompson Center, 100 West Randolph Street, on
16 the 26th day of June, A.D., 2002, scheduled
17 to commence at 10:00 o'clock a.m., commencing
18 at 10:07 a.m.

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1 A P P E A R A N C E S :

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3 ILLINOIS POLLUTION CONTROL BOARD,
4 100 West Randolph Street
5 Suite 11-500
6 Chicago, Illinois 60601
7 BY: MR. WILLIAM F. MURPHY, Hearing Officer

8

9 ILLINOIS ENVIRONMENTAL PROTECTION AGENCY,
10 1021 North Grand Avenue East
11 P.O. Box 19276
12 Springfield, Illinois 62794
13 (217) 524-4343
14 BY: MS. RACHEL DOCTORS AND MR. GARY BECKSTEAD

15

16 Appeared on behalf of the IEPA,

17

18 GARDNER, CARTON & DOUGLAS,
19 321 North Clark Street
20 Chicago, Illinois 60610
21 (312) 644-3000
22 BY: MR. ROY M. HARSCH

23

24 Appeared on behalf of Horween
Leather Company.

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26 ILLINOIS POLLUTION CONTROL BOARD MEMBERS PRESENT:

27 Ms. Alisa Liu
28 Mr. Anand Rao
29 Mr. Michael Tristano
30 Mr. Nicholas Melas

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32 ALSO PRESENT:

33 Mr. Arnold Horween, III
34 Ms. Julie Christensen

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1 HEARING OFFICER MURPHY: Good morning.
2 My name is William Murphy, and I am the
3 hearing officer in this proceeding. I'd like
4 to welcome you to this hearing being held by
5 the Illinois Pollution Control Board In The
6 Matter Of: Proposed Horween Leather Company
7 Site-Specific Air Rule, 35 Illinois
8 Administrative Code 211.6170.

9 Present today on behalf of
10 the Illinois Pollution Control Board is Board
11 Member Michael Tristano to my left. He is
12 the Board member coordinating this rule.

13 Mr. Tristano, would you like
14 to make any comments at this time?

15 MR. TRISTANO: Yes. I'd just
16 like to welcome everybody to the hearing.
17 Hopefully, we can get a complete record, and
18 I'll go back to you, Bill.

19 HEARING OFFICER MURPHY: Thank
20 you.

21 On February 19th, 2002, the
22 Horween Leather Company, which I'll refer to
23 as Horween, filed a proposal for rulemaking
24 under Section 27 of the Environmental

1 Protection Act to change regulations.
2 Horween requests that the Board issue a
3 site-specific rule from 35 Illinois
4 Administrative Code 211.6170 and 218.926 to
5 change the control requirements as applied to
6 a small amount of new leather -- new
7 specialty leathers that Horween would like to
8 produce.

9 On March 7th, 2002, the
10 Board accepted the matter for hearing. Today
11 is the only scheduled hearing the Board will
12 be holding in this matter. On March 10th,
13 2002, two Board mailed a request to the
14 Department of Commerce and Community Affairs,
15 known as DCCA, to perform an economic impact
16 study on the proposed rulemaking.

17 As of today's date, we have
18 not received a study from DCCA. We do not
19 anticipate receiving one from DCCA in this
20 matter. We welcome testimony and discussion
21 in this matter on economic impact.

22 This hearing will be
23 governed by the Board's procedural rules for
24 regulatory proceedings. All information

1 which is relevant and not repetitious and
2 privileged will be admitted. All witnesses
3 will be sworn and subject to
4 cross-questioning. All witnesses will read
5 their testimony.

6 After hearing from the
7 witnesses presented by Horween and the
8 Agency, we will accept questions on the
9 proposal. Please note that any question that
10 might be asked by a member of the Board or
11 the Board's staff are intended to help build
12 a complete record for the Board's decision
13 and they do not express any preconceived
14 notion or bias.

15 In today's hearing, we'll
16 hear prefiled testimony from Horween Leather
17 Company, Arnold Horween, III, Julie M.
18 Christensen. We will next hear testimony --
19 prefiled testimony from the Illinois
20 Environmental Protection Agency followed by
21 any questions to be asked of Horween or the
22 Agency.

23 We allow anyone else who
24 wishes to testify the opportunity to do so as

1 time permits at the end of the day, and one
2 last note, we do have some members of the
3 Board staff that I have not introduced yet.

4 To my immediate right is
5 Anand Rao. He is from the Board's technical
6 unit. To his right is Alisa Liu, who is also
7 from the Board's technical unit.

8 Are there any questions
9 regarding the procedure we will be following
10 today? I see no questions.

11 All right. With that,
12 Mr. Harsch, would you like to make an opening
13 statement?

14 MR. HARSCH: Yes, I would like to
15 make a brief opening statement. My name is
16 Roy Harsch. I'm with the law firm of
17 Gardner, Carton & Douglas.

18 This site-specific
19 regulatory proceeding is the result of a
20 lengthy series of discussions and
21 negotiations with the Illinois Environmental
22 Protection Agency and, I guess, with USEPA.
23 It has as its genesis really statements made
24 by Arnold Horween, Jr. in the RACT

1 regulations that -- where the Board enacted
2 the leather coating rules applicable to
3 leather coaters with emissions less than 100
4 tons and enacted a category of what's
5 referred to and defined as specialty
6 leather.

7 In that proceeding,
8 Mr. Horween said that while he could comply
9 with the existing proposed rules, there would
10 be a time in the future where his business
11 would change in response to customer demand
12 and that they would have to seek relief.
13 That's what we're here today for. That's
14 what we've been trying to negotiate with the
15 Agency for a very long period of time.

16 We appreciate all of the
17 help that the Agency has extended to
18 Horween. We are basically at a point where
19 the Agency has essentially rewritten the
20 site-specific proposal that Horween submitted
21 in February and that was attached and will be
22 discussed today in the testimony of
23 Mr. Beckstead.

24 We are basically at a point

1 where we are in agreement with that proposal
2 and would not have any problem if the Board
3 would move forward and enact that proposal
4 with two exceptions, both of which were
5 underlined by the Agency in their submittal
6 and has to do with a recordkeeping issue in
7 Section 218.929(c) -- (d) excuse me. The
8 words, by batch, we would ask that the Board
9 delete that, and we will explain today, and
10 218.929(c)(4) we disagree with the suggestion
11 or the requirement that high volume, low
12 pressure nozzles be used, and we'll cover
13 that in the rebuttal testimony today.

14 It's our understanding that
15 the nozzle issue primarily is a concern of
16 USEPA, not the Illinois EPA, but IEPA
17 obviously has concerns that the Board enact a
18 rule that would be acceptable to USEPA. We
19 think the record that we will establish today
20 will show that that type of a nozzle is not a
21 reasonably available control technology as
22 applied to Horween and is totally
23 unacceptable.

24 Furthermore, with respect to

1 the recordkeeping issue, I think our
2 testimony today will show that that concern
3 really is not -- that's a concern only to, as
4 I understand it from talking to Ms. Doctors,
5 a concern that applies to the new category of
6 specialty leathers that we're proposing the
7 Board enact.

8 It is not a concern with
9 respect to the existing leathers manufactured
10 by coating -- by Horween, and that it's fair
11 that we have an agreement that the way
12 Horween has been maintaining its records is
13 consistent with what's required under the
14 rules, and it's been incorporated in the
15 Title 5 permit and it's been the subject of a
16 substantial amount of correspondence back and
17 forth with the Agency, some of which has been
18 included as attachments to Ms. Christensen's
19 testimony, and I will have one exhibit today
20 that I've premarked, which is actually a
21 readable copy of an April 3rd, '95, letter to
22 Mr. Mathur from Julie Christensen from
23 Horween Leather, and it's the same as
24 attachments to her testimony. I said

1 April 3rd. It's an April 22nd, 2002, letter
2 to Dick Forbes from Julie Christensen, I
3 stand corrected, with a readable copy of the
4 tables. Otherwise, it's identical to that
5 which was attached to her testimony.

6 At this time, I would defer
7 and see if the Agency has any comments before
8 calling my two witnesses.

9 HEARING OFFICER MURPHY: Thank
10 you, Mr. Harsch. Can all the witnesses be
11 sworn in by the court reporter at this time?

12 (Witnesses sworn.)

13 HEARING OFFICER MURPHY: Mr. Harsch,
14 you can proceed with your first witness.

15 MR. HARSCH: At this point, I
16 would call Mr. Horween. Explain for the
17 record who you are and what your name is and
18 then proceed to read your testimony.

19 MR. HORWEEN: Okay. My name is
20 Arnold Horween, III, and as of May 1st of
21 this year, I'm the president of Horween
22 Leather Company. I've been working at
23 Horween Leather since 1978.

24 Horween Leather Company was

1 founded in 1905 by my great-grandfather,
2 Isadore Horween. Isadore came to this
3 country in 1893 from the Ukraine, where he
4 apprenticed in a tannery and learned his
5 trade. Arriving Chicago in time for the
6 World's Fair, he was able to secure
7 employment in a tannery by attending the
8 leather exhibit. Keep in mind that the
9 leather industry was thriving in Chicago at
10 that time because of the stockyards. After
11 all, our raw material is a by-product of the
12 beef industry.

13 When Isadore Horween opened
14 his doors in 1905, the first facility was on
15 Division Street on Goose Island. In 1923,
16 Herman Loescher & Sons Tanning, occupying our
17 current location, was purchased from the
18 Loescher family. For the next five years,
19 two facilities were run with the final
20 consolidation on Elston Avenue coming in 1928
21 where we continue to operate today.

22 Isadore was ahead of his
23 time in many ways. He positioned his company
24 from the beginning as a niche producer long

1 before the term had been invented. His idea
2 was to specialize and make things to order, a
3 custom job shop, so-to-speak. His philosophy
4 is still what drives our business.

5 We actively seek out
6 projects that other people don't, won't, or
7 can't do in quantities that are tailored to
8 meet the customer's requirements. By
9 definition, this places a focus on quality
10 first, a premium product at a premium price.
11 As soon as we get in the mass competitive
12 market, we're outside our area of expertise
13 and beyond our physical plant capacity.

14 The first product made at I.
15 Horween & Company, as it was known in those
16 days, was shell cordovan. Contrary to
17 popular belief, Cordovan is not a color.
18 It's actually a specific leather coming from
19 the hindquarters of a horse. Utilizing all
20 of his acquired knowledge, my
21 great-grandfather developed a formulation
22 that made the cordovan in the world with a
23 process that took six months to complete.
24 Genuine Horween Shell Cordovan continues to

1 be one of our franchise products. It is
2 still acknowledged as the best in the world,
3 and using his formulas, it still takes us six
4 months to make.

5 In those days the cordovan
6 was used almost exclusively for
7 razor-sharpening straps, until, in a
8 foreshadowing of huge future changes to come,
9 the invention of the safety razor. With the
10 purchase of the Loescher tannery, I. Horween
11 acquired formulas that were the basis for
12 many of our modern-day leathers and gave us
13 our first entree into the cattlehide leather
14 business.

15 The evolution of products
16 remains a key to survival in this industry.
17 With the combined knowledge of the two
18 tanneries beginning almost 80 years ago,
19 Horween Leather Company, as it was known by
20 then, began making products for an increasing
21 spectrum of new markets.

22 By the late '20s and
23 early '30s, shoe leather was a large part of
24 the business in both steerhide and shell

1 cordovan. By the end of the '30s, the new
2 and growing segment of the business was in
3 so-called mechanical leathers used for oil
4 seals, gaskets, and packings. For a period
5 of time, this leather would be our largest
6 single product, particularly through the war
7 years. Also at this time, there was a
8 tremendous growth in the use of our
9 Chromexcel leather.

10 Chromexcel is another one of
11 our signature leathers. It saw extensive use
12 through World War II as it became the
13 approved Marine Field Boot leather starting
14 with the North Africa Campaign. As a matter
15 of fact, the demand for the product so far
16 exceeded our capacity that my grandfather,
17 Arnold Horween, actually took the formulation
18 and taught seven other tanneries the process
19 to aid in the war effort. Chromexcel
20 continues today to be one of the cornerstones
21 of our business. However, it has evolved for
22 use in high-end men's dress-casual shoes
23 produced by companies like Timberland, Alden,
24 and Allen-Edmonds.

1 Moving into the 1950s,
2 extensive work was done in response to
3 demands for improved quality sporting-goods
4 leathers. Through the combined efforts of my
5 grandfather and my father, Arnold Horween,
6 Jr., significant improvements were made in
7 both football leather and baseball glove
8 leather. The upshot of this, as it impacts
9 us today, is that we still provide Rawlings
10 with leathers for their pro-model gloves, and
11 for the last 45-plus years, we've been the
12 exclusive supplier to Wilson Sporting Goods
13 for the NFL football leather.

14 Our processes have been
15 described in exhaustive detail in other
16 places; the present petition for
17 site-specific rule, the Technical Support
18 Document that accompanied the proposal of
19 exemptions for our specialty leathers in
20 R93-14, and in the testimony of my father,
21 Arnold Horween, Jr., in that proceeding.
22 While these descriptions remain accurate
23 today, I would like to offer a brief overview
24 to highlight the following points.

1 All of our products, new and
2 old, are targeted towards the upper end of
3 their respective markets. In tanning, this
4 means following formulas that tend to be
5 slower and more time-consuming than many
6 currently in use in other places. It also
7 means using finishing recipes, as it were,
8 designed to highlight the natural beauty of
9 leather, rather than cover it up.

10 In leather finishing, there
11 are great parallels to finishing wood. The
12 two main types finishes are aniline-dyed and
13 pigment. Simply put, pigment is like paint
14 and aniline-dye is like stain. Proper
15 aniline finishing requires more coats with
16 less material applied in each coat.
17 Regarding visiting the wood analogy, imagine
18 finishing a piece of pine as oppose to a
19 piece of mahogany. The pine can be
20 beautifully painted with two coats; while the
21 mahogany may require several coats of stain
22 with preparation between coats followed by
23 several coats of varnish. For us, this means
24 following the mahogany approach.

1 We have also presented
2 ourselves with additional challenges. By
3 making leathers with high-oil contents, only
4 certain types of finishes can be used. The
5 challenge is to get the finish to adhere to
6 the leather, and in the end, we are also
7 finishing to achieve a combination of look,
8 feel, and performance dictated by an
9 increasingly uncompromising customer.

10 It is important to note that
11 in spite of having devoted the conversation
12 up to now to all the traditional methods and
13 old ways for old days, I would emphasize that
14 we are always looking for new and better ways
15 to do things and make things. If there is a
16 better material, we want to use it; a better
17 way to apply the material, we want to
18 evaluate it. We are always committed to
19 serving our customer's requirements and
20 maintaining our quality maintaining our
21 quality.

22 Our request here today can
23 be distilled into the increasingly urgent
24 need to be able to respond to market demands

1 that are rigid in terms of time requirements,
2 and fluid in terms of style and performance.
3 In my 23 years in this industry, the changes
4 have been dramatic; more of a convulsion than
5 an evolution. There has been a contraction
6 that has reduced the leather tanning industry
7 in the United State to a shadow of its former
8 self. Each and every survivor can take pride
9 in the fact that they have identified and
10 executed a strategy that has them still
11 around answering customer's needs.

12 When my father, Arnold
13 Horween, Jr., discussed the exemptions for
14 specialty leather manufacturing at the time
15 of the adoption of R93-14, first with the
16 Illinois Environmental Protection Agency and
17 then in testimony before the Board, he
18 outlined that the ability to respond to our
19 market demand is critical. He noted that
20 while the relief that was being proposed and
21 ultimately adopted by the Board for Horween's
22 existing specialty products was adequate at
23 the time, there would, in all probability, be
24 a necessity in the future to seek additional

1 flexibility to respond to changing customer
2 demands. Horween has been working with IEPA
3 for approximately three years to obtain a
4 revision to the existing RACT regulations to
5 allow us to respond to our changing customer
6 demands for different types of leather. We
7 have met on several occasions with IEPA, held
8 numerous conference calls, and responded to
9 requests for information. All of this led to
10 a decision that in order to move the process
11 to conclusion, we would file the Site
12 Specific Rulemaking Petition. This was done
13 on February 19th of this year.

14 Since filing, we have
15 continued to work with IEPA and with the
16 United States Environmental Protection Agency
17 to attempt to arrive at an acceptable
18 Site-Specific Rule that would allow Horween
19 to produce relatively small amounts of
20 additional types of specialty leathers that
21 we currently cannot produce in conformance
22 with the existing RACT regulations. We
23 understand that IEPA is in general support of
24 our request for Site Specific Rule changes to

1 allow us the necessary flexibility to respond
2 to our customers' demands, but they continue
3 to have concerns stemming principally from
4 staff objections at USEPA. We have attempted
5 to resolve these differences in conference
6 calls with USEPA and IEPA and have provided
7 additional information in response to those
8 calls. We have been informed that,
9 basically, our differences of opinion have
10 essentially been resolved to that of
11 recordkeeping requirements and USEPA's belief
12 that the relief should be premised upon the
13 use of high volume, low pressure or HVLP
14 spraying equipment. Last week, IEPA supplied
15 us with a redraft of our Site Specific
16 Proposal that we find generally acceptable
17 apart from those two issues.

18 Horween does not understand
19 the concerns that underlie these issues and
20 believes that the Board should adopt the
21 regulation as revised by the IEPA with the
22 changes that we will be explaining during the
23 testimony of Ms. Julie Christensen. As will
24 be explained by Ms. Christensen, our current

1 recordkeeping and reporting procedures to
2 demonstrate compliance with the RACT
3 regulations have been in place for a number
4 of years and have been found to be acceptable
5 for Title V permitting purposes. Apparently,
6 they are acceptable to USEPA to demonstrate
7 compliance with the recently enacted NESHAP
8 standard as well. What we propose is simply
9 the expansion of our existing recordkeeping
10 requirements to take into consideration the
11 production of additional specialty leathers
12 that we are seeking approval to produce. We
13 do not believe that we will have any trouble
14 in documenting the VOM usage to be able to
15 demonstrate compliance with the 12 month
16 rolling average limitation as required and
17 agreed upon in this Site-Specific Rulemaking
18 proposal.

19 With respect to the use of
20 HVLP spray guns, they simply will not work
21 for the types of specialty leathers that we
22 produce. With the demise of the Pfister &
23 Vogel Tannery in Wisconsin two years ago, we
24 hired on of their master finishers who

1 actually had conducted tests of these types
2 of spray nozzle guns on the leathers they
3 produced and for which we seek approval to
4 produce. Based upon his first-hand
5 experience, discussions with three of our
6 coating suppliers, as well as our
7 understanding of the problems that Prime
8 Tanning Company is facing in Maine in trying
9 to utilize these spray guns, we are sure that
10 they are not acceptable to our operation at
11 present. As explained in the Technical
12 Support Document, which accompanied the
13 original adoption of the specialty leather
14 exemption, and which is set forth as
15 Attachment 5 to our Site-Specific Rulemaking
16 Petition, Horween has limited physical space
17 and has two existing coating lines. We
18 simply do not have the physical space to be
19 able to construct a dedicated coating line to
20 run HVLP spray guns. Based upon our
21 finisher's experience and discussions with
22 our coating suppliers, this type of coating
23 spray gun might only work on stain coats and
24 would not work on topcoats. This is

1 problematic for several reasons. First, we
2 continue to spray stain coats on our Official
3 Football leather and on certain non-specialty
4 leathers. These coats are primarily antique
5 coats while the HVLP guns are primarily
6 suited to heavier applications. Next, on the
7 stuffed leathers and any leathers where we do
8 need heavier finish applications, whether it
9 be for adhesion issues or more coverage, we
10 apply these stain coats by seasoning machines
11 with a hand swabbing. Thus, there would be
12 no benefit in terms of emissions reductions
13 from switching to such equipment.

14 Additionally, there are
15 several critical problems associated with the
16 use of these types of spray nozzles on
17 topcoats. First and foremost is our
18 understanding that they will not provide
19 enough atomization to create particle sizes
20 small enough to facilitate the penetration of
21 the topcoat in the leather surface, which is
22 key for the products we produce. Second is
23 that they produce a heavier coating that
24 requires significantly more drying time or

1 additional dryers. Our production in this
2 through put is limited by our ability to dry
3 the product. Many products are stick dried,
4 that is, hung over rods and allowed to dry
5 naturally as they move down a slow conveyor
6 with large air volumes moved over them by
7 fans. This is done as opposed to putting
8 them through mechanical dryers. Even with
9 mechanical dryers, the experience of our
10 master finisher is that these thicker
11 coatings applied with HVLP nozzles do not dry
12 without considerably longer drying tunnels,
13 for which we simply do not have the space.
14 With the existing equipment neither higher
15 temperature nor greater air volumes will
16 solve the problem.

17 As a result, following normal production
18 practices and stacking the leather after it
19 exists the dryer; the semi-dried finish will
20 adhere to the next piece of leather in the
21 stack. When the leather is removed from the
22 stack at the next operation, the finish will
23 rip and the leather will be ruined.

24 We are not aware of any

1 existing recordkeeping and reporting
2 obligations rather than new onerous
3 requirements, as well an expressed finding
4 that the use of HVLP spray equipment is not
5 feasible as applied to Horween's operations
6 and thus not RACT.

7 To continue Horween's
8 history of supplying top end specialty
9 leathers, we need the ability to produce the
10 additional types of specialty leather that
11 currently cannot be produced in conformance
12 with the existing rules. As set forth in our
13 Petition, Horween seeks approval to
14 essentially add two new categories of
15 specialty leather through this Site-Specific
16 proceeding. The first subcategory of
17 specialty leather would be that of leather
18 which would essentially be our Chromexcel
19 leather with wax, grease, polymer, and oil
20 content of between 12 to 25 percent rather
21 than the 25 percent that was the minimum
22 content typical at the time the Board enacted
23 the original exclusion for specialty
24 leathers, including all trademark Chromexcel

1 leathers. As we explained in the
2 Site-Specific Petition, all of the finishing
3 requirements are present in this type of
4 leather, which originally gave rise to the
5 need for the exception. This leather cannot
6 be produced using a combination of coatings
7 that comply with the 3.5 pound per gallon
8 limitation and they do not meet the current
9 definition of specialty leather. These
10 leathers would primarily be used for shoe
11 manufacturing, but are also available for use
12 in high-end belts, purses, and other
13 accessories. The second type of specialty
14 leather we seek approval to produce is the
15 leather that would be principally used in the
16 manufacture of fine dress shoes. It requires
17 a finish coat that can be ironed during the
18 shoemaking process to remove wrinkles that
19 result from the soaking of the shoe in water
20 during the shoe construction process. To
21 date, the only topcoats that are capable of
22 withstanding these rigorous requirements are
23 cross-linked polymer coatings using water
24 immiscible solvents. These topcoats are not

1 capable of being produced so as to conform to
2 the 3.5 pound per gallon general limitation,
3 nor would they meet the current definition of
4 specialty leathers. In summary, we would
5 request that the Board enact a Site-Specific
6 Rule that will allow Horween to produce these
7 two additional categories of specialty
8 leather. We have agreed with IEPA and with
9 USEPA to the appropriate limitations that we
10 proposed and which are contained in IEPA's
11 redraft. With the two modifications that Ms.
12 Christensen will address, we can support the
13 alternate language proposed by IEPA in place
14 of that which we originally proposed.

15 HEARING OFFICER MURPHY: Thank
16 you. Before we go further, I'd like to
17 welcome and introduce Board Member Nicholas
18 J. Melas.

19 Would you like to make any
20 comments, Mr. Melas?

21 MR. MELAS: No, thank you.

22 THE WITNESS: Thank you. You may
23 proceed then to your second witness,
24 Mr. Harsch.

1 MR. HARSCH: Ms. Christensen,
2 would you please state your name and explain
3 who you are and then proceed to read your
4 testimony?

5 MS. CHRISTENSEN: My name is
6 Julie M. Christensen. After six years of
7 experience in a corporate regulatory affairs
8 department and completing my BS degree in
9 Environmental Science from Roosevelt
10 University, I was employed as the director of
11 Safety and Environmental Compliance at
12 Horween Leather Company on August 10th, 1998.

13 My responsibilities at
14 Horween involve gathering and maintaining all
15 data regarding environmental and safety
16 issues, completing all regulatory compliance
17 reports and permitting under the direction of
18 Arnold Horween, Jr., and Arnold Horween,
19 III. As shoemakers in the U.S. have
20 decreased, and tanneries in the U.S. have
21 closed, Horween has continuously tried to
22 expand the specialty leather production to be
23 able to remain a viable business. Over two
24 years ago, we began working on this

1 rulemaking to enable us to pick up business
2 from a closed tannery in Wisconsin. As a
3 consequence of the very slow regulatory
4 process, leather was produced overseas to
5 replace this leather. This leather is not
6 the same quality, but it will be acceptable
7 to the majority of customers, and it is less
8 expensive. So this market may no longer be
9 open to us. We will only know when we
10 actually produce the leather and try to sell
11 it. Because of the nature of our business,
12 it is more important now than ever to be able
13 to respond quickly with samples and new
14 leathers for customer's requests. Therefore,
15 we are urgently requesting a broader
16 description of specialty leather so we can
17 respond quickly to meet the demands of
18 customers and fill voids in the industry. A
19 lengthy turnaround time is never acceptable
20 for our customers; they will go elsewhere,
21 generally, overseas.

22 As explained by Mr. Horween,
23 we have attempted to obtain the approval of
24 the Illinois Environmental Protection Agency

1 to arrive at an agreeable change to the
2 specialty leather exemptions originally
3 enacted by the Pollution Control Board in PCB
4 R93-14. We have had numerous meetings and
5 telephone conversations, responded to a
6 number of information requests, and answered
7 many questions that IEPA posed. Attachment 2
8 to the testimony is part of that having
9 reached a point of impasse in terms of making
10 additional progress, Horween elected to file
11 the Site Specific Rule Petition earlier this
12 year. The proposal was actually filed with
13 the Board on February 19th, 2002, containing
14 a detailed discussion of Horween's
15 operations, including the circumstance that
16 gave rise to the need for producing
17 additional types of specialty leather. We
18 also provided 16 attachments to the Petition
19 to support our request for relief.
20 Basically, the agreement we reached with IEPA
21 was embodied in our draft, with the
22 understanding that the U.S. Environmental
23 Protection Agency told IEPA it was
24 acceptable. The basis for this agreement was

1 the application of a limitation derived by
2 the State of Maine and approved by USEPA as
3 RACT for Prime Tanning Company located in
4 Berwick, Maine. We included the proposed
5 limitations of 24 pounds of VOM per 1000
6 square feet for water-resistant leather and
7 14 pounds per 1000 square feet for
8 non-water-resistant leather based on a
9 12-month rolling average. These limitations
10 are consistent with our understanding of the
11 Maine RACT determination for Prime Tanning
12 Company. It is our understanding that this
13 RACT limitation was established through the
14 Title V permitting process. We have included
15 as Attachment 10 to our Site Specific
16 Rulemaking the Prime Tanning Company Part 70
17 Air Emission License or CAAPP Permit.
18 Attachment 11 is the April 18th, 2000,
19 Federal Register document approving this
20 Maine RACT limitation.

21 Following the filing of our
22 Site Specific Petition in February, there has
23 been a flurry of activity as the hearing date
24 was established and drew near. We have had a

1 series of discussions with IEPA and with
2 representatives of Region V USEPA concerning
3 the appropriate limitations. Also,
4 complicating the situation, USEPA has adopted
5 a National Emission Standards for Hazardous
6 Air Pollutants (NESHAP) that applies to
7 leather coating, which I will discuss later.

8 As a result of this
9 activity, it is our understanding that IEPA
10 will today submit proposed revised
11 Site-Specific Rulemaking language for
12 consideration by the Board as an alternative
13 to what we originally proposed. Horween had
14 a limited opportunity to review this
15 proposal. We generally find it to be
16 acceptable with two major reservations.
17 These two exceptions concern changes to the
18 recordkeeping and reporting obligations and a
19 requirement to utilize high volume low
20 pressure spray guns.

21 I will first address the
22 reporting and recordkeeping requirements that
23 IEPA included in Section 218.929(d) of their
24 Rule. Our differences of opinion concern the

1 reference to the words by batch in Subpart 1.
2 We believe that the inclusion of this
3 language would require a substantial
4 modification to the recordkeeping and
5 reporting procedures that Horween currently
6 follows. On March 4, 1996, Horween submitted
7 an amendment to its RACT Certification
8 describing a more efficient method of
9 recordkeeping and demonstrating compliance
10 with 35 Illinois Administrative Code
11 218.926(b)2(B). A copy of this submittal is
12 found as Attachment 1 to this testimony.
13 Horween has been using this recordkeeping
14 process since 1996 with the Agency's full
15 knowledge. This same recordkeeping process
16 is found in our CAAPP Permit in Section 5.6
17 General Recordkeeping Requirements and 7.0
18 Unit Specific Conditions. It has, therefore,
19 been approved by both IEPA and USEPA to
20 demonstrate compliance with the existing RACT
21 rules. As new regulations have been
22 promulgated, the records have been expanded
23 to meet the new standards, i.e., seasonal
24 emissions of VOMs and HAP emissions. As in

1 the past, the recordkeeping will be expanded
2 again to document the leathers that are
3 addressed in this Site Specific Rulemaking.
4 I truly believe this is the most accurate and
5 by far the most efficient method of
6 recordkeeping to demonstrate compliance with
7 all of the RACT rules.

8 Briefly, Horween's
9 recordkeeping process involves inventory
10 records and production records that are
11 maintained in the specific departments, i.e.,
12 Finishing, Cordovan, Pasting, and
13 Maintenance. These departments record their
14 chemical usage and report this usage to the
15 office on a weekly basis. This data is
16 entered into the computer monthly for
17 calculations of total VOM and HAP emissions.
18 Because we do not have specific point
19 emission sources or stacks for measurement in
20 the various departments, we assume all VOM
21 and HAPs from the finishes are emitted to the
22 atmosphere. The production records are also
23 forwarded to the office on a weekly basis.
24 The square footage of the side leather is

1 determined by a three-year rolling average of
2 leather measured in the Shipping Department.
3 Calculations are then completed for square
4 footage of the various leathers finished,
5 categorized by the correct category of
6 leathers, i.e., Specialty, Standard
7 Non-Stain, Standard Stain, Water-resistant,
8 or Nonwater-resistant leathers, and VOMs and
9 HAPs per 1000 square feet are extrapolated.

10 Recordkeeping for these new
11 specialty leathers would be set up with their
12 own category, i.e., Specialty II Leathers,
13 further broken down into water-resistant and
14 non-water-resistant leathers as they are
15 listed under NESHAP and all finishes would be
16 tracked separately and applied to the square
17 footage of these leathers. See Attachment
18 2.

19 Horween submitted comments
20 to USEPA regarding the proposed NESHAP. One
21 of our comments regarded the complexity of
22 recordkeeping under the proposed rule. We
23 requested simply adding the HAP information
24 to our current recordkeeping. In the final

1 rule, Section F, our concerns were addressed
2 by already maintained purchase and usage
3 records are all that will be needed to
4 demonstrate compliance. On March 13th, 2002,
5 I spoke with Bill Schrock, USEPA's technical
6 person who developed the NESHAP to confirm
7 that our existing recordkeeping would be
8 satisfactory to the USEPA. He reiterated
9 that the way we document our finishes with
10 inventory usage records and production
11 records is fine. The recordkeeping shown in
12 the NESHAP standard was meant only as an
13 example. Furthermore, in Prime Tanning's Air
14 Emission License, the Recordkeeping/Reporting
15 section describes the same basic process that
16 we currently use.

17 In summary, we are in
18 agreement with IEPA Section 218.929(d)(1)
19 draft with the removal of the language by
20 batch and would therefore ask the Board to
21 delete these two words as unnecessary to
22 assure compliance.

23 The second issue I want to
24 address stemming from IEPA's proposal is the

1 request by Region V USEPA that the relief for
2 these two new specialty leathers be
3 predicated on Horween's employing the use of
4 HVLP spray guns.

5 During discussions with IEPA
6 and USEPA, concerns were raised regarding
7 HVLP spray guns for our spray finishing
8 machines. After discussing this issue with
9 many finish providers and tanners, we are all
10 in agreement that these spray guns will not
11 work for our leathers. Problems arise
12 because there would be less atomization of
13 the finishes and less penetration into the
14 leather. The finishes would lay-up on the
15 surface of the leather, and our facility does
16 not have the space capacity for longer drying
17 runs. The leather would stick together as it
18 is stacked after spraying, and the finishes
19 would be ruined on all of the leather. HVLP
20 spray guns are generally used for garment and
21 upholstery leathers; not shoe leather.
22 However, we are borrowing a spray gun to try
23 our various finishes on our leather in our
24 sample booth today, June 19th, 2002. In

1 addition, we have contacted the salesman that
2 Gary Beckstead, IEPA, suggested we contact
3 for the new technology spray guns. However,
4 as Mr. Beckstead stated, these are not HVLP
5 spray guns.

6 Our spray machines use Binks
7 model 95 AR automatic air spray guns with
8 ratchet needle adjustments. The two air
9 compressors for the big spray machine and
10 small spray machine are 100 psi and 115 psi
11 respectively. The actual spraying pressure
12 is adjusted to approximately 60 pounds per
13 square inch depending on the finish. Both
14 our spray machines are set up with water
15 curtains and electronic eyes to reduce the
16 amount of finish overspray. Our aniline
17 finishes are sprayed on with multiple,
18 extremely light coats rather than high volume
19 coats.

20 Horween is a very small
21 tannery that finishes leathers on all the
22 lines that are available. We only have two
23 spray machines and we need to be able to
24 spray all of our leathers on either of these

1 machines. We cannot dedicated one entire
2 spray machine to only these types of leather.
3 Not to mention that the HVLP spray guns would
4 only work on the stain coats which we already
5 brush on in many cases. Spraying, even with
6 the HVLP spray guns, would produce more
7 atomization and emissions than using our
8 brush finishing machines and swabbing the
9 stain coats.

10 Therefore, we request that
11 IEPA Section 218.929(c)(4) regarding the HVLP
12 spray guns be removed from the draft.

13 There are several other
14 points that I would like to make regarding
15 the proposed alternate Site-Specific
16 Rulemaking language submitted by IEPA. In
17 Section 218.929(c), IEPA proposes that
18 Horween have standard operating and
19 maintenance procedures or SOMPs in place. As
20 we stated in our April 22nd, 2002, letter to
21 Mr. Dick Forbes of the IEPA, Horween has no
22 objection to the inclusion of SOMPs in the
23 Rulemaking, although we feel that it is
24 redundant as these would be required as part

1 of the Title V Permit requirement.

2 Horween has always had
3 procedures in place to minimize the
4 volatilization of solvents as set forth in
5 Attachment 2 to the testimony. It is our
6 understanding that the SOMP provisions found
7 at subparagraph (c) subparts 1, 2, and 3 do
8 not require any additional steps beyond those
9 currently in place at Horween.

10 The first date for
11 compliance as far as recordkeeping with the
12 NESHAP is February 28th, 2005. Combining our
13 various leathers, while adjusting our
14 finishes, may enable Horween to meet the
15 NESHAP regulations that are 5.6 pounds per
16 1000 square feet for water-resistant leathers
17 and 3.7 pounds per 1000 square feet for
18 non-water-resistant leathers, provided this
19 Site Specific Rule change is adopted and
20 USEPA modifies its reference to specialty
21 leathers.

22 During 2001, our HAPs averaged 6.75
23 pounds per 1000 square feet for
24 water-resistant leathers and 4.39 pounds per

1 1000 square feet for non-water-resistant
2 leathers. In January through May of this
3 year, we are averaging 4.98 pounds per 1000
4 square feet for water resistant leathers and
5 2.34 pounds per 1000 square feet for
6 non-water-resistant leathers. As this shows,
7 Horween is continuously adjusting finish
8 components to try to reduce both VOM and HAP
9 emissions, while maintaining our high
10 standards of finished leather.

11 As an explanation of our
12 limits, we are allowed the following VOM
13 emissions in our Title V CAAPP Permit.
14 There's a table here that shows emission
15 sources and VOM emissions. For specialty
16 leather, not to exceed 38 pounds per 1000
17 square feet; standard stain, not to exceed 10
18 tons per year; standard non-stain, not to
19 exceed 3.5 pounds per gallon as applied;
20 specialty leather, standard leather,
21 miscellaneous, including cleanup, not to
22 exceed eight pounds per hour from individual
23 units; cordovan, not to exceed eight pounds
24 per hour, three tons per year, and one ton

1 per year per source; cordovan, miscellaneous,
2 excluding cleanup, and pasting, not to exceed
3 five tons per year combined; pasting room
4 dryer, not to exceed .25 tons per year;
5 source-wide emissions, not to exceed 99.12
6 tons per year.

7 Through the ERMS program,
8 the total baseline emissions for Horween are
9 28.1 tons per season or 281 Allotment Trading
10 Units. As you can see by our recent usage of
11 ATUs, we will hopefully be able to sell or
12 retire 300 ATUs this year. In the year 2000,
13 we were given 281 ATUS. We used 192. The
14 balance was 89. In the year 2001, adding the
15 281 to the 89 that were left over from the
16 previous year, there's 370. We used 158 of
17 those, and the balance was 212. For 2002, we
18 received 281 ATUs. Adding the 212 from
19 previously gives us 493 total ATUs. So we
20 will have an excess.

21 The last point that I want
22 to address is the issue of NESHAP recently
23 enacted by USEPA. The NESHAP was enacted on
24 February 27th, 2002, and is found at 40 CFR

1 Part 63.

2 As previously stated, we
3 worked closely with Bill Schrock of USEPA
4 during the formulation of this standard. We
5 supplied USEPA with a series of comments and
6 answered a number of technical questions.
7 USEPA's consultants, in fact, physically
8 visited the Horween tannery. As a result of
9 our involvement, USEPA has included
10 recognition that Horweens operations are
11 unique. Basically, USEPA has combined all of
12 Horween's specialty coatings into the
13 water-resistant category in order to provide
14 Horween with a higher allowable HAP content
15 for specialty coatings. Notwithstanding,
16 this effort by USEPA, Horween was unable to
17 comply. Accordingly, Horween filed a
18 Petition for Review of the Leather NESHAP
19 standards to address the specialty leather
20 issues and the limits assigned to
21 water-resistant and non-water-resistant
22 leathers. Our lawyers have entered into
23 settlement discussions with USEPA, which
24 resulted in USEPA petitioning the Appellate

1 Court to stay filings in this proceeding
2 while we attempt to resolve our differences.
3 We are hopeful USEPA will agree to modify the
4 NESHAP to refer to specialty leathers as
5 regulated by the Pollution Control Board,
6 including the two new categories of specialty
7 leather we are seeking approval for in this
8 proceeding, rather than referencing the 25
9 percent oils, fats, and grease content as
10 currently contained in the NESHAP.

11 We are also hopeful USEPA
12 will determine to proceed with the delisting
13 of ethylene glycol monobutyl ether (EGBE),
14 the CAS number for that is 112-07-2, which is
15 the principal HAP solvent that subjects
16 Horween to the NESHAP.

17 Horween has proven itself to
18 be very proactive in trying to reduce and
19 eliminate emissions of VOMs and HAPs.
20 However, because this is a specialty job
21 shop, we need to expand our definition of
22 specialty leathers by adding this Site
23 Specific Rulemaking. Through these proposed
24 additional categories, Horween will have the

1 ability to produce new leathers to meet
2 customer demands, while complying with
3 Federal and State Regulations.

4 HEARING OFFICER MURPHY: Thank
5 you.

6 MR. HARSCH: Ms. Christensen, I
7 show you what has been previously marked and
8 supplied to the hearing officer and to the
9 Agency as Exhibit 1.

10 Are you familiar with that
11 document?

12 MS. CHRISTENSEN: Yes.

13 MR. HARSCH: Is that a true and
14 accurate copy of the letter that you
15 submitted to Mr. Forbes?

16 MS. CHRISTENSEN: Yes.

17 MR. HARSCH: Including the
18 colored readable --

19 MS. CHRISTENSEN: Color coded
20 attachments, yes.

21 MR. HARSCH: And that is an
22 attachment, too, to your prefiled testimony
23 as well?

24 MS. CHRISTENSEN: Yes.

1 MR. HARSCH: And the only
2 difference is that this is, in fact, color
3 coded and readable?

4 MS. CHRISTENSEN: Yes.

5 MR. HARSCH: I would move,
6 Mr. Hearing Officer, for the acceptance into
7 the record of Exhibit 1.

8 HEARING OFFICER MURPHY: If no
9 one objects, I'd like to enter this into the
10 record. Hearing no objections, the letter
11 dated April 22nd, 2002, to Mr. Dick Forbes of
12 the Illinois Environmental Protection Agency
13 from Ms. Julie M. Christensen of Horween
14 Leather Company, which includes a readable
15 copy of a chart on, I believe, five, page
16 five, would be Exhibit 1.

17 We will now hear the
18 prefiled testimony from the Illinois
19 Environmental Protection Agency. I'd like to
20 introduce Rachel Doctors of the Illinois
21 Environmental Protection Agency.

22 Ms. Doctors, would you like
23 to make an opening comment?

24 MS. DOCTORS: I have a short

1 opening statement to make.

2 Good morning. My name is
3 Rachel Doctors. I am representing the
4 Illinois EPA in this matter. The Illinois
5 EPA has reviewed the Horween Leather
6 Company's submittal -- submitted proposal For
7 Site Specific Rulemaking. Your request, if
8 granted by the Board, will be submitted to
9 the USEPA as a state implementation
10 submittal, a revision of the Illinois Ozone
11 Nonattainment Plan for the Chicago area for
12 RACT rules for leather coaters at 218.3035
13 Illinois Administrative Code Subpart P.

14 Illinois EPA believes that
15 the proposal as attached to Mr. Beckstead's
16 testimony is approvable by USEPA. Illinois
17 EPA has discussed the proposal extensively
18 with the company and USEPA.

19 As Mr. Beckstead will
20 testify, USEPA did raise several issues
21 initially, the majority which have been --
22 I'm sorry. Back up.

23 Mr. Beckstead will address
24 USEPA's issues that they raised. These

1 issues were also discussed with the company.
2 The majority of these issues have been
3 resolved except for two, the high volume low
4 pressure spray guns and the recordkeeping.
5 I'd like to note that the word by batch was
6 specifically inserted by USEPA. They
7 reviewed the draft language and they
8 specifically requested that word.

9 Illinois EPA then prepared
10 the draft that we're discussing incorporating
11 the changes. The underlined language is
12 where agreement has not been reached between
13 the company and the Agency. Mr. Beckstead
14 will go ahead.

15 MR. BECKSTEAD: My name is Gary
16 Beckstead. My academic credentials include a
17 bachelor of ceramic engineering degree from
18 Georgia Institute of Technology, Atlanta,
19 Georgia, and a master of science degree in
20 metallurgical engineering from Stanford
21 University, Stanford, California.

22 I have been employed by the
23 Illinois Environmental Protection Agency
24 since April 1991, as an environmental

1 protection engineer in the environmental
2 policy and planning section of the division
3 of air pollution control in the bureau of
4 air. In general, I review emissions
5 inventories and prepare technical support for
6 proposed ozone regulations affecting
7 stationary point sources.

8 In this capacity, I have
9 responsibility for projects that address the
10 expansion and applicability of reasonably
11 available control technology on sources
12 emitting ozone precursors. In addition, I
13 have responsibility for quality control and
14 quality assurance of ozone inventories and
15 the evaluation of point source emissions.

16 I prepared the technical
17 support for Rulemakings R91-28, R93-14,
18 R94-16, and R94-21. Rulemaking R91-28
19 involved the geographic expansion of RACT to
20 sources emitting volatile organic material
21 that were located in Goose Lake and Aux Sable
22 townships in Grundy County and Oswego
23 township in Kendall County.

24 I reviewed the Illinois EPA

1 emissions inventory for potentially affected
2 point sources, such as coating and printing
3 operations, and evaluated the impact of this
4 rulemaking. For Rulemaking R93-14, I
5 evaluated changing the definition of major
6 source from 100 tons per year to 25 tons per
7 year in the Chicago ozone nonattainment area.
8 In addition to coating operations, this
9 involved evaluating all other point source
10 emission categories, including miscellaneous
11 fabrication processes and chemical
12 formulation processes.

13 I have also assisted in
14 evaluating Illinois point source emissions to
15 determine potential emission reductions for
16 meeting the requirements of the Clean Air Act
17 for the 15 percent Rate-of-Progress Plan and
18 other requirements.

19 Rulemakings R94-16 and
20 R94-21 were technically supported based on
21 this evaluation. I evaluated the impact and
22 reasonableness of lowering the applicability
23 level for air oxidation processes, which
24 R94-16 addressed, and for tightening surface

1 coating standards, which R94-21 addressed.

2 In regards to the present
3 site-specific proposal before the Board which
4 addresses regulatory relief from 35 Illinois
5 Administrative Code Parts 218.926 for Horween
6 Leather, I reviewed the proposed
7 site-specific changes and determined the
8 environmental impact; evaluated the changes
9 to control requirements for consistency with
10 other existing RACT regulations, and assessed
11 the effect that the proposed amendments may
12 have on the State Implementation Plan for the
13 Chicago nonattainment area.

14 In Rulemaking R93-14 -- this
15 is the background of what was going on. In
16 Rulemaking R93-14, which the applicability
17 level for RACT was lowered from 100 tons per
18 year to 25 tons per year, it was determined
19 that, in general, RACT for sources with
20 emissions between 25 and 100 tons was the
21 same as for those greater than 100 tons per
22 year sources. That is, 3.5 pounds VOM per
23 gallon of coating applied or 81 percent
24 control using add-on devices was RACT.

1 However, for some sources
2 regulated under Subpart PP: Miscellaneous
3 Fabricated Product Manufacturing Processes,
4 3.5 pounds of VOM per gallon of coating
5 applied or 81 percent control using add-on
6 devices was not RACT. Certain types of
7 leather coating operations were identified as
8 one such category.

9 In studying RACT regulations
10 for leather coating operations in Wisconsin
11 and New England, it was found that the 3.5
12 pounds of VOM per gallon requirement was RACT
13 for most coatings applied to leather;
14 however, in some certain special instances,
15 less stringent limits were needed.
16 Therefore, a, quote, specialty leather,
17 unquote, subcategory was created to address
18 these special instances for Illinois
19 sources.

20 For the specialty leather
21 subcategory, RACT was determined to be 38
22 pounds VOM per thousand square foot of
23 leather produced on the basis of the
24 Wisconsin RACT regulations and discussions

1 with potentially impacted sources, namely,
2 Horween. To qualify for the specialty
3 leather limits, the leather produced had to
4 meet the following criteria, as defined at
5 Section 211.6170(a) and (b) of 35 Illinois
6 Administrative Code Subtitle B.

7 A, specialty shoe leather such as Chromexcel
8 leather that is, number one, a select grade
9 of chrome tanned, bark retanned leather; two,
10 retanned to over 25 percent by weight grease,
11 wax, and oils by direct contact with such
12 materials in liquefied form at elevated
13 temperatures without the presence of water;
14 three, finished with coating materials which
15 adhere to the leather surface to provide
16 color and a rich visual luster while allowing
17 a surface that feels oily; and, four, used
18 primarily for manufacture of shoes, or, B,
19 specialty football leather such as tanned in
20 tack leather that is, one, top grade, chrome
21 tanned, bark retanned, and fat liquored
22 leather; two, finished with coating materials
23 which impregnate into the leather to produce
24 a permanent tacky exterior surface on the

1 leather. This tacky characteristic continues
2 to exist with wear; and, three, used
3 primarily for the manufacture of footballs.

4 The existing Illinois EPA
5 RACT rule for leather coaters is set forth in
6 Subpart PP: Miscellaneous Fabricated Product
7 Manufacturing Processes of 35 IAC Sections
8 218.920-218.928. It limits coating used on
9 leather to 3.5 pounds VOM per gallon except
10 for those leathers that meet the definition
11 of specialty leather. Coatings used on
12 specialty leathers are limited to 38 pounds
13 of VOM per thousand square foot of specialty
14 leather produced.

15 Also included in the rule is
16 a 10-ton per year exemption for VOM emissions
17 from stains that are used on leathers other
18 than those defined as specialty leather.
19 This rule was adopted by the Board on January
20 6th, 1994, and approved by USEPA Region V on
21 October 10th, 1996 (61 FR 54556.)

22 In the current site-specific
23 rule proposal, Horween is requesting relief
24 from the existing leather coating RACT rule

1 at Section 218.926. To be competitive in the
2 ever-changing leather market, Horween needs
3 to produce leathers that cannot be made using
4 coatings that meet the 3.5 pounds per gallon
5 limit of Section 218.926. Furthermore, this
6 leather does not meet the criteria for
7 specialty leather primarily because the fats,
8 grease, and oils content is less than 25
9 percent. Therefore, the new leathers do not
10 meet the criteria for the 38 pounds of VOM
11 per thousand square feet of the specialty
12 leather.

13 In an effort to determine
14 the RACT that should apply to the new
15 leathers, Illinois EPA, with the assistance
16 of USEPA Region V, made a nation-wide search
17 of leather coaters. The most current RACT
18 determination for leather coaters approved by
19 USEPA was for Prime Tanning located in
20 Berwick, Maine, in July 1997 (65 FR 20749.).
21 The federally approved RACT limits
22 established are 14 pounds per thousand square
23 foot of leather produced for non-water
24 resistant leather and 24 pounds per thousand

1 for water resistant leather. Region V
2 advised Illinois EPA that a site-specific
3 rule based on this RACT determination would
4 be approvable. Prime Tanning's rule also
5 included provisions for the use of high
6 volume low pressure spray guns, standard
7 operating procedures, and testing to
8 determine whether a leather is water
9 resistant.

10 Illinois EPA discussed with
11 Horween the Prime Tanning rule and indicated
12 that it could support a site-specific
13 submittal to the Illinois Pollution Control
14 Board based on the RACT limits established at
15 Prime Tanning. After several reiterations
16 and re-writes, Horween submitted a
17 site-specific rulemaking proposal to the
18 Illinois Pollution Control Board in February
19 of 2002.

20 Illinois EPA and Region V
21 reviewed this initial submittal of February
22 2002 and found it inconsistent with the Prime
23 Tanning rule or deficient in the following
24 areas.

1 Number one, a means of
2 separating emissions from new leather
3 production from existing leather being
4 produced at Horween that are already
5 regulated by the existing RACT regulations.
6 Number two, testing to an ASTM standard to
7 determine water-resistant versus
8 non-water-resistant status. Number three,
9 recordkeeping to track and document pounds of
10 VOM per thousand square feet of leather
11 produced. Number four, use of high
12 volume/low pressure spray guns and electronic
13 eyes, which determine when leather is in the
14 guns spray area, to minimize overspray, and,
15 number five, standard operating procedures to
16 minimize emissions in production of leathers.

17 Illinois EPA was advised
18 that without these issues being addressed,
19 Region V could not foresee approving the
20 site-specific submittal because the proposal
21 was not consistent with the Prime Tanning
22 RACT rule. Illinois EPA shared these
23 concerns with Horween and drafted a proposed
24 version of a site-specific rule that

1 addressed USEPA's concerns and shared the
2 proposal with Horween.

3 The Illinois EPA
4 site-specific proposal. After discussions
5 with Horween and USEPA regarding these
6 issues, an agreement was reached on issues
7 one, two, and five above. However, issues
8 three and four are still outstanding.
9 Illinois EPA revised its proposed version to
10 incorporate the agreed upon changes and has
11 also included suggested solutions to the
12 recordkeeping and HVLP issues. A copy of
13 Illinois EPA's revised proposed site-specific
14 regulation is attached. The underlined
15 portions indicate the areas where we have not
16 reached an agreement.

17 The proposed site-specific
18 regulation uses a generic approach and does
19 not specify particular names for the new
20 leathers that Horween is planning to coat.
21 In using the generic approach, a new
22 site-specific regulation should not have to
23 be filed each time the fashion emphasis
24 changes in the leather industry, as long as

1 the 20-ton per year limit is not violated.

2 In addition, at the request
3 of USEPA with Horween's concurrence, the
4 stipulation that the new cementable and dress
5 or performance leathers are not eligible for
6 the 10-ton stain exemption specified at 35
7 Illinois Administrative Code Section
8 218.926(b)(2)(A)(i) has been included.

9 One of the remaining issues,
10 recordkeeping, focuses on the ability of
11 field inspectors to verify and confirm or
12 deny Horween's monthly estimates. USEPA has
13 indicated that the need for line production
14 records for each batch of leather coated for
15 the various types of leather produced is
16 needed. These batch records need to include
17 the amount of coating applied, the VOM
18 content of the coating applied, and the area
19 of leather that it was applied on, and the
20 type of leather that is being coated.

21 Horween has proposed to use
22 its current recordkeeping procedures as
23 contained in its approved Clean Air Act
24 Permit Program to track the new types of

1 leathers. USEPA indicated that in light of
2 the additional categories of leathers, dress
3 or performance water-resistant, dress or
4 performance non-water-resistant, cementable
5 water-resistant, and cementable
6 non-water-resistant, that the current
7 procedures were not adequate to verify
8 compliance. The proposal also provides
9 Horween with an opportunity to propose
10 alternative recordkeeping procedures to
11 Illinois and USEPA for approval.

12 Regarding the use of HVLP
13 guns, Horween has not provided sufficient
14 documentation to support that they cannot use
15 HVLP in their operations. Therefore,
16 Illinois EPA is proposing to provide Horween
17 with a year to evaluate whether this
18 technology is viable for their leather
19 coating operations. If at the end of this
20 timeframe Horween finds they cannot use HVLP,
21 they are to provide documentation.

22 In closing, Illinois EPA
23 would note that USEPA has promulgated a
24 National Emission Standard for Hazardous Air

1 Pollutants for Leather Finishing Operations
2 on February 27th, 2002 (67 FR 9156). This
3 new NESHAP may impact Horween's operations if
4 ethylene glycol is not delisted from Section
5 112(b) of the CAA.

6 In Conclusion, the proposed
7 changes for Horween Leather Company, which
8 limit maximum VOM emissions from new leather
9 coating operations to 20 tons per year, would
10 have minimal adverse environmental effects in
11 the Chicago ozone nonattainment area. The
12 proposed site-specific changes do not impose
13 control requirements that are inconsistent
14 with other currently existing RACT
15 regulations and the proposed site-specific
16 amendments do not adversely impact the
17 Illinois SIP.

18 HEARING OFFICER MURPHY: At this
19 time, would any other parties from the
20 Horween Leather Company or the IEPA like to
21 make any further comments?

22 MR. HARSCH: Yes. We would like
23 to -- I have several questions of
24 Mr. Beckstead, and then I'd like to call my

1 witnesses to provide some rebuttal.

2 Mr. Beckstead, is the term
3 high volume low pressure, HVLP, spray a
4 defined term in the air pollution
5 regulations?

6 MR. BECKSTEAD: Yes.

7 MR. HARSCH: Is the definition
8 found at 211.2990?

9 MR. BECKSTEAD: That sounds
10 correct.

11 MR. HARSCH: That definition, if
12 I read it, is high volume low pressure, HVLP,
13 spray means equipment used to apply coatings
14 by the means of a spray gun which operates
15 between 0.1 and 10 PSI air pressure; is that
16 correct?

17 MR. BECKSTEAD: That's correct.

18 MR. HARSCH: In conversations
19 with Horween that I participated in, you had
20 suggested the type of spray gun that they
21 should investigate, did you not?

22 MR. BECKSTEAD: I suggested a
23 supplier who manufactures HVLP guns, yes.

24 MR. HARSCH: It is our

1 understanding that that HVLP spray gun
2 operates at a pressure approximately 15 PSI,
3 which is outside the range of that specified
4 in the definition; is that not correct?

5 MR. BECKSTEAD: I'm familiar with
6 the company that makes HVLP, and they do have
7 a gun that they would like to be classified
8 as HVLP, and it does operate at 12 to 15 PSI.

9 MR. HARSCH: So currently that
10 gun would not meet the definition of a high
11 volume --

12 MR. BECKSTEAD: Currently, you're
13 right.

14 MR. HARSCH: -- low pressure
15 spray nozzle; is that correct?

16 MR. BECKSTEAD: That's correct.
17 If I could also comment there, it operates at
18 a lot less than 60 PSI. The present guns
19 that Horween would be using we anticipate
20 there would be emission reductions. It would
21 allow them to test their cutting envelope of
22 technology. Is looked like a win-win
23 situation to us. That's why I recommended
24 it.

1 MR. HARSCH: I understand, but --

2 MR. BECKSTEAD: It presently does
3 not meet the definition of HVLP. If that's
4 the point you're making, Roy, you are
5 correct.

6 MR. HARSCH: Okay. At this
7 point, I'd like to call Mr. Horween and ask a
8 couple additional questions.

9 HEARING OFFICER MURPHY: Go
10 ahead.

11 MR. HARSCH: Mr. Horween, since
12 the filing of the prepared testimony, has
13 Horween had the opportunity to actually test
14 spray nozzles, alternate spray nozzles?

15 MR. HORWEEN: We have. We've
16 gotten a hold of one of the sample guns.
17 It's a true HVLP gun and just tried samples
18 on it first.

19 MR. HARSCH: Would you please
20 explain on the record the results of that
21 effort?

22 MR. HORWEEN: Well, it was very
23 consistent with what we have been told by our
24 finisher and by our suppliers, for our type

1 of leather that there were going to be some
2 issues. I mean, when we got the -- the only
3 way we could get the particles such where
4 they would go onto the leather, they were
5 operating at a much higher pressure, and at
6 the lower pressures, such a large amount of
7 material comes out that it doesn't give us
8 anything that looks like somebody would be
9 making.

10 MR. HARSCH: When you talk about
11 at the lower pressures, you mean within the
12 definition?

13 MR. HORWEEN: Within the
14 definition. That's correct.

15 MR. HARSCH: So it would not
16 function with your coatings?

17 MR. HORWEEN: No. That's
18 correct.

19 MR. HARSCH: And what problems
20 did -- were you told that would cause that to
21 not function?

22 MR. HORWEEN: Well, it could be a
23 combination of things. The particle sizes
24 being enlarged, we would get extremely

1 large -- we would get a lot of the material
2 to put on the leather, and, you know, we
3 apply, particularly in our top finishes, a
4 series of light coats to build the film, and
5 the adhesion issue is only part of the
6 problem.

7 You know, you can get a coat
8 like that to adhere in all likelihood, but
9 the fact of the matter is if you're putting
10 too much finish on our type of leather, it
11 gives you a piece of leather that would be
12 cosmetically unacceptable.

13 You get a leather that we
14 call gray. I mean, if you put that on and if
15 you could get it dry, which is another issue,
16 on the pieces that we saw, by the time you do
17 the final ironing with a very heavy coat like
18 that on our leather, when the leather was
19 born, it would give a very coarse appearance,
20 which just isn't consistent with the type of
21 product that we would make.

22 What we saw basically was
23 that -- for example, it's my understanding
24 that Prime uses those types of guns because

1 they've made an entry into the upholstery
2 business. There are tremendous price
3 pressures in that business. So the push
4 there has been to go to simpler finishing
5 systems, going back to our -- the pine
6 example.

7 If you're going to put two
8 coats on, an HVLP system would be fabulous,
9 but keep in mind that a lot of that
10 upholstery leather that's done, they're
11 putting so much finish on there that
12 underneath it doesn't even have to be
13 leather.

14 You could put finish on a
15 piece of canvas and finish it out and side by
16 side in a lot of cases without putting your
17 hands on it. I would have a difficult time
18 telling you whether or not it was leather.

19 Our customers -- you know,
20 our customers won't buy that. You know, the
21 fact of the matter is to increase that level
22 of application, you could theoretically get
23 the amount of finish on in far fewer coats.

24 So, I mean, on the one hand,

1 I guess you could say I could finish lots
2 more leather with this type of gun, but I
3 would not be able to sell it to anybody.

4 MR. HARSCH: I believe in the
5 direct testimony that was submitted on behalf
6 of Horween, you relayed the experiences of
7 the finisher that you hired from the tannery
8 in Wisconsin?

9 MR. HORWEEN: Yes.

10 MR. HARSCH: In experiments that
11 you ran last week, was that experience
12 duplicative or substantiated?

13 MR. HORWEEN: Yes. I mean,
14 basically he had -- and we had him involved
15 in it because he had more experience than any
16 of us do. We tried various adjustments on
17 it, and with the finish formulations that we
18 have, that particular gun we have just didn't
19 work.

20 The finish company that we
21 got the gun from let us use it because they
22 had -- they had purchased it with the idea
23 that they were going to run samples for one
24 of the companies that was going to make the

1 attempt to switch over to these guns.

2 So we got it in basically
3 new condition because they used it four or
4 five times and were unable to make it work on
5 the types finishes that they were using for
6 that other company.

7 MR. HARSCH: Those finishes are
8 consistent with the type of finishes that you
9 use?

10 MR. HORWEEN: Yes, they are.

11 MR. HARSCH: So, in summary, it
12 would not work at the pressures which are
13 defined as low volume -- high volume low
14 pressure?

15 MR. HORWEEN: That's correct, not
16 at present.

17 MR. HARSCH: And even if you
18 increased the pressure, you weren't able to
19 make it work?

20 MR. HORWEEN: That's correct.

21 MR. HARSCH: I'd like at this
22 point to call and ask some questions of
23 Ms. Christensen.

24 HEARING OFFICER MURPHY: You may

1 proceed.

2 MR. HARSCH: You testified in
3 your prefiled testimony regarding the manner
4 in which you currently maintain records and
5 how you would propose to maintain records
6 utilizing the new categories of specialty
7 leathers; is that correct?

8 MS. CHRISTENSEN: Yes.

9 MR. HARSCH: In your -- do you
10 share USEPA's concerns that you will not be
11 able to maintain accurate records with new
12 categories under your current method?

13 MS. CHRISTENSEN: Under my
14 current method, all I'd have to do is add a
15 few more columns, a few fractions to be able
16 to work it out. It should not be any problem
17 at all.

18 MR. HARSCH: At this point, I
19 would rest.

20 HEARING OFFICER MURPHY: Ms. Doctors --

21 MR. HARSCH: Oh, I'm sorry. We
22 have one additional point.

23 There was reference in your
24 prefiled testimony to the technical support

1 document.

2 Do you have a comment that
3 you'd like to make regarding the technical
4 support document?

5 MS. CHRISTENSEN: Oh. The
6 technical support document had something in
7 there about our cordovan department and that
8 we didn't have any VOM emissions from the
9 cordovan department, and I just reviewed all
10 this information, you know, before we came,
11 and I noticed that that was in there at that
12 time, and in actuality through our purchase
13 records and chemicals and everything, I
14 realize that there is a small quantity of
15 VOMs that are emitted in the cordovan
16 department, and that wasn't reflected there.
17 So I wanted to point that out.

18 MR. HARSCH: And that is
19 reflected -- that was subsequently found out
20 and is reflected in your CAAPP permit?

21 MS. CHRISTENSEN: Yes, and it
22 also is reflected in all my recordkeeping,
23 but that's --

24 MR. HORWEEN: It always has

1 been.

2 MS. CHRISTENSEN: It always has
3 been, yes. It was just an oversight.

4 Also, on the -- can I talk
5 about the recordkeeping a little more?

6 MR. HARSCH: You can testify to
7 anything you'd like to testify to.

8 MS. CHRISTENSEN: My biggest
9 concern with the recordkeeping or with the
10 problem that they have with the recordkeeping
11 is that generally what we're talking about is
12 the ucosolar dyes because that's what is
13 divided up between different leathers, and
14 when I was calculating the total amount of
15 ucosolar dyes that we use over a year, it's
16 like three-and-a-half tons of VOM emissions
17 from that.

18 Now, that three-and-a-half
19 tons could be applied to any one of our
20 categories of leather and we would not be
21 exceeding our limit. So, I mean, it's a case
22 where it's not that much chemical, not that
23 much VOMs that we're emitting, but it's a
24 problem.

1 So even if I put it in each
2 category together, we still wouldn't be out
3 of our limits that we have. So there really
4 isn't an issue as far as problems with
5 applying it to the right leather.

6 MR. HARSCH: By that, based on
7 our discussions with IEPA and USEPA, you
8 understood that USEPA's concerns were over
9 the fact that these dyes are used on --
10 currently used on standard and specialty
11 leathers and they would also be used in -- on
12 the two new categories of specialty leathers,
13 correct?

14 MS. CHRISTENSEN: Right.

15 MR. HARSCH: So what you were
16 saying is that you could essentially triple
17 count --

18 MS. CHRISTENSEN: Right.

19 MR. HARSCH: -- in your records
20 and apply the three-and-a-half tons that you
21 used last year to standard leathers, three
22 and a half tons to special leathers, and
23 three-and-a-half tons to projected production
24 of the new specialty leather category and

1 still be able to demonstrate compliance?

2 MS. CHRISTENSEN: Yes. It would
3 fit within our limits.

4 MR. HARSCH: And do I understand
5 that what you currently do with respect to
6 those dyes in your recordkeeping today is
7 take the amount of that dye material that is
8 used in a month and divide it amongst the
9 production of standard leather and specialty
10 leather?

11 MS. CHRISTENSEN: Yes.

12 MR. HARSCH: And then do a
13 percentage of --

14 MS. CHRISTENSEN: Percentages of
15 square footage that's run, and my concern as
16 far as keeping track of it by batch is that
17 it's like an artist's pallet that they do up
18 there, you know, in our finishing
19 department.

20 They add a little bit of
21 this color, a little bit of that color. They
22 add a little more of this thing. I just
23 don't think they could accurately keep track
24 of what is put on them by batch, and I think

1 that the way that we do it now is far more
2 accurate as far as appointing it to a square
3 footage.

4 MR. HARSCH: So you're tracking
5 on a production -- on a use basis the actual
6 amount of the dyes that are used and thus in
7 your estimate is emitted on a monthly basis?

8 MS. CHRISTENSEN: Yes.

9 MR. HARSCH: And the only issue
10 that you're aware of is the allocation to the
11 varying types of leather?

12 MS. CHRISTENSEN: Correct.

13 MR. HARSCH: No further
14 questions.

15 HEARING OFFICER MURPHY: Thank
16 you. Ms. Doctors, would you like to add
17 anything?

18 MS. DOCTORS: I have a couple of
19 questions. On the standard operating
20 practices, you indicated that we've spoken
21 that they're kind of contained throughout
22 your CAAPP permit.

23 Are you aware that in the
24 Prime Tanning RACT that they posted them at

1 the company? Excuse me. I'm kind of short.

2 Are you aware that they

3 are --

4 MS. CHRISTENSEN: Yes.

5 MS. DOCTORS: Do you plan to post
6 your standard operating procedures?

7 MS. CHRISTENSEN: Yes, we could
8 do that. That's no problem.

9 MS. DOCTORS: In addition, I
10 guess, I'm referring to the rule that was the
11 proposal that was attached to Mr. Beckstead's
12 testimony. It had three -- we'll leave the
13 HVLP issue aside, but it had three other SOMP
14 points, and one is to minimize the
15 volatilization of solvents during the
16 measuring of coating proportions and/or
17 mixing of coatings.

18 Do you have a procedure
19 currently?

20 MS. CHRISTENSEN: They keep
21 everything covered when they're not drawing
22 things out. They keep things sealed. They
23 cover things as they're moving them from the
24 lab to the finishing area. You know,

1 everything is already closed.

2 MS. DOCTORS: That would be part
3 of your procedures?

4 MS. CHRISTENSEN: Right.

5 MS. DOCTORS: There's a similar
6 point concerning fugitive losses?

7 MS. CHRISTENSEN: Uh-huh.

8 MS. DOCTORS: Is that --

9 MS. CHRISTENSEN: Well, the
10 fugitive losses --

11 MS. DOCTORS: Involving spills
12 and cleaning.

13 MS. CHRISTENSEN: Okay. Spills
14 and cleaning, you know, we have standard
15 spill control procedures, you know, and
16 cleaning up and that kind of thing where it
17 wouldn't be a problem.

18 MS. DOCTORS: And that also would
19 be included in your plan?

20 MS. CHRISTENSEN: Yes.

21 MS. DOCTORS: And the last one, a
22 procedure to minimize solvent usage or VOM
23 losses during equipment cleanup and during
24 transport, and I believe that's currently in

1 your permit now?

2 MS. CHRISTENSEN: Yes.

3 MR. HARSCH: That would be
4 included in your posting plan?

5 MS. CHRISTENSEN: Right.

6 MS. DOCTORS: Thank you. I have
7 a couple points that I'd like to clarify
8 concerning the recordkeeping since obviously
9 that is -- that's actually where we've spent
10 most of our discussions trying to get that
11 clarified.

12 It's my understanding that
13 USEPA wanted inspectors to be able to go into
14 the plant and verify the VOM usage?

15 MS. CHRISTENSEN: Uh-huh.

16 MS. DOCTORS: And you just
17 indicated it's called ucosolar --

18 MS. CHRISTENSEN: Ucosolar dyes.

19 MS. DOCTORS: -- ucosolar dyes.

20 Is that the only coating that's used on
21 multiple types of leathers?

22 MS. DOCTORS: There's one
23 additional one that's down lower, but, again,
24 that's a very small amount. Where is that

1 table?

2 We're looking at Exhibit 1.
3 Unithane 9107 is also split up between
4 specialty and standard stain.

5 MS. DOCTORS: Okay. And how much
6 of that is used in each?

7 MS. CHRISTENSEN: Well, the total
8 VOM for the year was 324 pounds.

9 MS. DOCTORS: Less than that?

10 MS. CHRISTENSEN: Yeah. Well,
11 this was per year. This was for March
12 through March, I believe. It's a very small
13 amount also that's used, and that would be
14 the same thing as with the dyes, you know, as
15 far as it's a very small quantity, and it's
16 used like the dyes are.

17 MS. DOCTORS: What exactly is the
18 finishing -- I guess this is taking place in
19 your finishing room, these dyes?

20 MS. CHRISTENSEN: Uh-huh.

21 MS. DOCTORS: Are they reporting
22 the number of gallons used or cans used or
23 what?

24 MS. CHRISTENSEN: Yes, the

1 gallons used.

2 MS. DOCTORS: Gallons. So if
3 there's a partial gallon, then it just gets
4 reported when it's used up?

5 MS. CHRISTENSEN: Usually, they
6 come in larger quantities, drums, you know,
7 and, like, maybe 15 gallons or something like
8 that. So it's basically they're looking at
9 it and assuming, you know, what the amount
10 left is, estimating pretty much.

11 MS. DOCTORS: It's a weekly
12 estimate?

13 MS. CHRISTENSEN: Yes. That is
14 tracked by the person who orders the
15 chemicals. He's making sure that those
16 inventory items are correct, that, you know,
17 what they reported is consistent with what's
18 been used and what's left. Week after week,
19 he's always checking that.

20 MS. DOCTORS: Is there a case
21 where some of these coatings get applied,
22 like, on one leather they might get two or
23 three coats, but on another leather, you
24 might only put on a single coat?

1 MS. CHRISTENSEN: Yes. It is
2 possible, yes, and that is a problem, you
3 know, as far as -- but, like I said, because
4 what you're getting is such a small amount --

5 MS. DOCTORS: It's only -- this
6 is only with reference to these ucosolar
7 dyes --

8 MS. CHRISTENSEN: Right, because
9 the color might need to be adjusted. Maybe
10 this particular piece of leather absorbed
11 more or absorbed less of something, and so
12 they need to run it through the finish again
13 or add a little bit more and run it through
14 again.

15 MS. DOCTORS: Right. So it could
16 be different? It isn't --

17 MS. CHRISTENSEN: Yes. It's not
18 an exact science.

19 MS. DOCTORS: Let me ask another
20 question, and I think we've discussed this
21 before.

22 When you do your measuring,
23 your square footage measurement, this is
24 after you've done your trimming?

1 MS. CHRISTENSEN: Yes.

2 MS. DOCTORS: So, in effect, it's
3 almost an overestimate of what the emissions
4 would be because you're applying coating --
5 you've applied more coating, but you've got
6 the gallon. So when you do the division --

7 MS. CHRISTENSEN: Right.
8 Actually, we cut all of that, trim all the
9 leather, and then when it's ready to ship,
10 that's when we measure it, and so we're
11 showing a smaller square footage than
12 actually was run through the finishing
13 machines. So, you know, we are being the
14 most conservative, I think, of anyone as far
15 as finish per thousand square feet type
16 figures.

17 MR. HARSCH: If you might grant
18 me leave.

19 MS. DOCTORS: Please.

20 MR. HARSCH: Since we're at a
21 hearing and the Board wasn't privy to those
22 conversations, I might ask a clarifying
23 question on the point that you're making.
24 I'll ask a question -- make a statement and

1 then ask Julie to verify that it's true.

2 The regulations are proposed
3 and some of the rules are written so that
4 you're limited to so many pounds per thousand
5 square foot of leather produced; is that
6 correct?

7 MS. CHRISTENSEN: Yes.

8 MR. HARSCH: And the question
9 that was posed by Ms. Doctors was -- the
10 issue that she's raising is that Horween
11 coats an entire side of leather, and that's a
12 square footage that applies the coating to
13 the entire side of leather, but because it
14 cannot sell all of that side of leather, some
15 of that leather is just not -- it's inferior,
16 not sellable. You have to then trim the
17 leather --

18 MS. CHRISTENSEN: Yes.

19 MR. HARSCH: -- before you sell
20 it?

21 MS. CHRISTENSEN: Uh-huh.

22 MR. HARSCH: And you measure your
23 square footage that you testified to after
24 the leather has been trimmed?

1 MS. CHRISTENSEN: Yes.

2 MR. HARSCH: So that when you
3 then calculate your square footage of leather
4 produced, it is, in fact, a conservative
5 number because it's not the total square
6 footage coated, but it's the total square
7 footage that's been sprayed and then with a
8 portion trimmed off?

9 MS. CHRISTENSEN: Yes.

10 MR. HARSCH: So that when you
11 then calculate the so many pounds per square
12 foot, you're, in essence, being very
13 conservative because that number is larger
14 than it would be had you used the entire
15 square footage of the side sprayed; is that
16 correct?

17 MS. CHRISTENSEN: Correct.

18 MR. HARSCH: Hopefully, that
19 might provide some explanation of the point
20 that you were making. Thank you for letting
21 me, you know, make that clarification in the
22 middle of your questioning.

23 MS. DOCTORS: I don't think I
24 have any more questions. I'm finished. That

1 was my last question.

2 HEARING OFFICER MURPHY: Thank
3 you. We will now proceed with questions that
4 the Board staff or any Board members may have
5 for the witnesses. Please note any questions
6 by the Board members or the Board staff are
7 not intended to express any preconceived
8 notions or bias, only to build a complete
9 record for review by the other Board members
10 who are not present here today.

11 At this time, I'd like to
12 open it up to any questions that any Board
13 members or Board staff may have.

14 MR. RAO: I have a few
15 questions. Some of them can be answered by
16 Horween and, you know, the Agency can jump in
17 if they want to shed some more light on these
18 questions.

19 At page 12 of the petition,
20 Horween certifies that the proposed changes
21 to Section 211.6170 amend the most recent
22 portion, and when we were reviewing the
23 proposal, we didn't see any language changes
24 to the definition of specialty leather at

1 Section 211.6170.

2 So would you please clarify
3 whether you were intending to make any
4 changes to the definition or it was just, you
5 know, an explanation as to where you were
6 going from the original definition?

7 MR. HARSCH: We have not in the
8 proposal submitted -- included a change to
9 the definition. This problem has been
10 compounded since the filing of the
11 site-specific by the NESHAP that was adopted
12 by USEPA.

13 The NESHAP, as was testified
14 to, essentially just basically takes the
15 definition of specialty leather from 25
16 percent oils, fats, and grease and uses that
17 as the -- as the definition.

18 We need the relief, as
19 testified to today and as recognized by the
20 Agency, that adds two new subcategories, in
21 essence, a specialty leather for the Board.
22 This is site-specific. There is one other
23 leather manufacturer that we're aware of that
24 is subject to the leather coating regulations

1 in Chicago.

2 This rule as written, the
3 site-specific only applies to Horween. So if
4 the Board believes that we should include
5 that -- that they should include an amendment
6 to the definition of specialty leather,
7 that's fine. We have tried to make it clear
8 that what we are essentially doing is adding
9 two new subcategories of specialty leather
10 for Horween.

11 MR. TRISTANO: Ms. Doctors.

12 MS. DOCTORS: Yes. The Agency
13 does have concerns about reopening the
14 definition for specialty leather as it is an
15 approved RACT. It's already been approved in
16 a different RACT proceeding, and we -- our
17 preference in this is we acknowledge that
18 these are, like, specialty two as
19 Ms. Christensen referred to in the testimony,
20 specialty two leathers, but it is
21 site-specific, and we would like it to be
22 kept separate.

23 MR. TRISTANO: That's why he was
24 looking at me. The caption that we have I

1 would suggest is incorrect based on the
2 Agency's actions. I'd like to know if you'd
3 like to change that to reference 35 Illinois
4 Administrative Code 218.926 and Illinois 35
5 Illinois Administrative Code 218.929?

6 MS. DOCTORS: My preference -- I
7 don't believe that we opened 926. I believe
8 we -- actually this proposal amended 218.929
9 and others in incorporation by reference at
10 waterproof at 218.112.

11 MR. TRISTANO: If you look at
12 number eight -- I believe if you look at
13 testimony in Illinois EPA's proposal, 218.929
14 to three, you will learn also of the 926.

15 MS. DOCTORS: Right. 926 is the
16 existing rule that they're getting relief
17 from, and this is establishing a new --
18 totally new Section 929. So I guess I'm not
19 that familiar with how you caption things,
20 but this is -- that was just a new section,
21 and it opens the existing incorporation by
22 reference section.

23 MR. TRISTANO: Well, we'll look
24 into it, but I would like both of you to

1 think about that because I think that when I
2 was looking at the other Board's actions, I
3 would --

4 MR. HARSCH: In deference to the
5 Agency's request that we not reopen the
6 existing RACT regulation we've submitted the
7 site-specific, now we're asking essentially a
8 site-specific determination to establish the
9 two new categories of specialty leather.

10 Obviously, those are
11 exemptions from the general RACT regulation
12 as Mr. Beckstead referred to that would also
13 be an exemption from the currently defined
14 specialty coating exemption. We're not
15 making any -- we did not propose changes to
16 that language.

17 MR. TRISTANO: Well, then that's
18 why I wanted the parties to clarify that.
19 The way that I interpret it is -- I'm not --
20 as Bill suggested, this is not the Board's
21 opinion, but it seems to me that we did
22 not -- all the pleadings and discussion, we
23 did not want to -- we're really not touching
24 point 211.6170, and, in effect, we're doing

1 site-specific and not modifying these in the
2 instant rule.

3 So I'd like you to consider
4 whether or not you wish to change the caption
5 to reflect site-specific as opposed to a
6 modification.

7 MR. HARSCH: We'll confer and
8 discuss that.

9 MR. TRISTANO: You don't have to
10 do that today.

11 MR. HARSCH: With the Board's
12 leave, I would be happy to have the hearing
13 officer participate in those discussions with
14 Ms. Doctors and counsel of record as well.

15 HEARING OFFICER MURPHY: That
16 would be appropriate.

17 MR. RAO: Moving on to Section
18 218.929(a)(3) of the Agency's proposed
19 language, in that section of the rule, it
20 says the requirements of this section do not
21 apply to the production of those specialty
22 leathers that meet the definition of
23 specialty leathers pursuant to 211.6170 or
24 for the production of leathers that cannot

1 meet the control requirements of Section
2 218.926 of the subpart.

3 Can you please clarify
4 whether this provision applies only to the
5 two new specialty leathers that are defined
6 in the section or to any other leather that
7 cannot meet the control requirements of
8 218.926 because the way it's worded here, you
9 know, you say that the requirements of the
10 section do not apply to production of
11 specialty leathers that do not meet the
12 definition of -- that meets the definition of
13 specialty leathers under 211.6170 or to the
14 production of leathers that can meet -- that
15 cannot --

16 MR. HARSCH: Can meet.

17 MR. RAO: Can meet.

18 MR. HARSCH: I think, again, the
19 intent of the Agency in drafting this is to
20 ensure that those leathers that currently
21 meet and can be produced and meets the
22 standard RACT regulation of 3.5 pounds per
23 gallon be continued.

24 MR. RAO: I think Ms. Liu helped

1 me with this. Horween's proposal had
2 different language in there. So that's what
3 I was looking at. I was not looking at the
4 Agency's proposal.

5 So the Agency's proposal
6 clarifies that it applies only to leathers
7 that are defined under this new section.

8 MR. BECKSTEAD: If you can
9 imagine, there's three sections here.

10 MR. RAO: Yes.

11 MR. BECKSTEAD: 3.5, leathers,
12 there's specialty leathers, and in between is
13 where the site-specific 12 to 25 percent
14 fats, grease, oil. That's what the
15 site-specific is covering.

16 MR. RAO: Okay.

17 MR. HARSCH: With the addition --
18 inclusion also of this is the other
19 subcategory. It's not just on oils, fats,
20 and grease contents.

21 MS. DOCTORS: This section covers
22 both cementable, which has the oils, fats,
23 and grease contents in dress or performance
24 shoe leather. It's water emulsified

1 materials.

2 MR. RAO: Okay.

3 MR. HARSCH: And it's an
4 important consideration because USEPA
5 expressed their concerns that they did not
6 want the Board enacting or the Board's
7 rule -- action to be a rule that would allow
8 Horween to produce leathers that currently
9 can meet the approximate 3.5 pound per gallon
10 limitation or currently can meet the
11 regulations set forth in the specialty
12 leather exemption and then produce that
13 leather under the -- this new site-specific
14 with the relaxation of the allowable
15 limitations, and that's not Horween's intent,
16 correct, Mr. Horween?

17 MR. HORWEEN: That's correct.

18 MR. RAO: My next question
19 concerns the language added at Subsection
20 (a)(4) where the Agency has added a provision
21 that says the 10-ton exemption for stain
22 pursuant to Section 218.926(b)(2)(i) of this
23 subpart does not apply to leathers produced
24 pursuant to the requirements of this

1 section.

2 Could you clarify, you know,
3 what the intent of this provision is in terms
4 of, you know, are these two new specialty
5 leathers now subject to the 10-ton limitation
6 on stain coatings?

7 MR. BECKSTEAD: This was included
8 at the request of USEPA Region V. They were
9 concerned that these two new leathers could
10 take advantage of the 10-ton because they're
11 not specialty leathers by our definition.
12 According to the existing RACT regulations,
13 they would qualify for that 10-ton exemption,
14 and Horween agreed we're not -- you know,
15 we're going to include everything.

16 We have to calculate the 14
17 and 24 pounds of VOM per thousand. We're not
18 going to touch that. So there was no
19 disagreement here, and USEPA really wanted
20 that paragraph in there, you know, just to
21 make sure that everybody understands the two
22 new leathers can't use the existing 10-ton
23 exemption, can't use any of that. That's
24 what that's in there for. Really, it's

1 USEPA's request and our agreement. We found
2 nothing wrong with it.

3 MR. HARSCH: Perhaps, I could,
4 again, clarify some of the historical action
5 that occurred. At the time, as Mr. Beckstead
6 testified, that the Board enacted the
7 specialty leather exemption, Horween was the
8 only identified source in that proceeding.

9 There were two really
10 mechanisms granted. One was the exemption
11 for specialty leather, and one was an
12 exemption from the 3.5 pound per gallon limit
13 facing as it applied to stains used at
14 Horween in standard leather production up to
15 an exclusion ceiling of ten tons, right,
16 Gary?

17 MR. BECKSTEAD: Uh-huh.

18 MR. HARSCH: With those two
19 relief mechanisms, Horween could produce its
20 standard leathers and produce its specialty
21 leathers in conformance with the RACT
22 regulations. So there really were two
23 exemptions.

24 We've only talked about the

1 exemption for specialty leather today, but
2 really the Board enacted a second exemption,
3 which was an exemption from the 3.5 pound per
4 limitation for up to 10 tons of stain coat.

5 So what USEPA has asked and
6 Horween can agree is that these two new
7 specialty leathers not take advantage of that
8 second exemption; is that correct, Gary?

9 MR. BECKSTEAD: That's my
10 understanding.

11 MR. HARSCH: Since I'm
12 testifying.

13 MR. RAO: My question then is do
14 you need to take advantage of the exemption
15 since you have a 20-ton limit under this
16 rule?

17 MR. HARSCH: Again, the intent is
18 that that exemption only apply -- the 10-ton
19 exemption only applies to what we referred to
20 as standard leathers that are capable of
21 being produced with 3.5 pounds per gallon
22 limitations as long as Horween can exempt out
23 up to ten tons of this stain that's applied.

24 MR. BECKSTEAD: But I think USEPA

1 would consider it if we allowed them to use
2 the 10 ton that you've got a relaxation.

3 MR. HARSCH: It's being less
4 restrictive than the Prime Tanning RACT.

5 MR. BECKSTEAD: They were very
6 adamant about separating it, make sure that
7 these new leathers are separated from the
8 existing RACT regulation. If you're going to
9 go site-specific, making sure they're
10 separated. We're trying everything we can to
11 make this approval to USEPA. So that's the
12 direction we took.

13 MR. RAO: You know, in the
14 rulemaking petition at Attachments 6, 7, and
15 8, you have presented VOM emission data.

16 Could you please clarify
17 whether this VOM emission data represents
18 production of waterproof or nonwaterproof
19 leathers?

20 MS. CHRISTENSEN: Attachments 6,
21 7, and 8 are -- you know, this is like a
22 forecast. We're not making the leather. So
23 we couldn't come up with anything exact. So
24 this is, you know, what we -- just some

1 samples that we thought we would come up
2 with, and as far as, if I remember right,
3 that all of these leathers can be made either
4 waterproof or nonwaterproof, it depends on
5 basically what we do with them, but -- and so
6 that really doesn't -- this hasn't been
7 addressed that way as a water resistant or
8 nonwater resistant leather.

9 MR. RAO: In these tables that
10 you have presented, there is average total
11 VOM per thousand square feet.

12 Would that be affected if
13 this type of leather is waterproof? Will
14 that increase or decrease or will it remain
15 the same?

16 MS. CHRISTENSEN: These were
17 just -- you know, these are estimates. I
18 would think it would be about the same
19 depending on what they use. You know,
20 there's lots of different ways that we make
21 our leather waterproof or water resistant.

22 MR. RAO: My question is whether
23 waterproofing affects the emission of VOM in
24 any way?

1 MR. HORWEEN: Not necessarily.
2 It could, but it doesn't always.
3 Waterproofing typically today is done with
4 hyperphonic oils, which, you know, then if
5 you needed something that was going to grab
6 on, you might need a higher percentage, but
7 it's also done in tanning in mills with
8 silicone compounds, and in that case, then
9 you would not, but -- so upfront, it's hard
10 to say, which I think is why the discussion
11 was you were putting a box around the whole
12 thing, I mean, whether it was waterproof or
13 not. You only had a certain amount to work
14 with.

15 Quantities are not -- you
16 might -- I think on these tables some of the
17 assumptions are the quantities are not --
18 we'd love to see us get to the highest
19 estimates on all these, but in reality it
20 doesn't look much like that at this point.

21 MR. RAO: So can you explain
22 what's the rationale for proposing these VOM
23 emission rate limits based on waterproof and
24 nonwaterproof leathers?

1 You know, you have these two
2 limits proposed, one for, I think, 24 pounds
3 of VOM per thousand square feet for
4 waterproof leather and 14 pounds of VOM for
5 nonwaterproof leather.

6 So what's the basis of this
7 limit?

8 MS. DOCTORS: When we approached
9 USEPA on what they would approve as a change
10 to the existing site-specific rule for this
11 company, there was a survey done of what
12 other RACT rules -- what was the most
13 recently approved RACT rule in the United
14 States for leather tanners, and that was
15 Prime Tanning, which had a waterproof limit
16 in a -- a water resistant limit and a
17 nonwater resistant limit. That's the basis
18 for where the limit came from is from an
19 already approved rule.

20 MR. RAO: Would it be possible
21 for you to provide the Board if there was a
22 report that was generated by Prime Tanning
23 when they did their RACT rule?

24 We know from your testimony

1 that you got this RACT from the one that was
2 approved by Prime Tanning, but, you know,
3 other than that, there's not much
4 justification for those two limits.

5 You know, just by looking at
6 the estimates given in Attachments 6, 7, and
7 8, the VOM emission rates are significantly
8 lower than the limits that have been
9 proposed.

10 MS. DOCTORS: It's also capped.
11 It's capped to 20 tons per year, and they're
12 meeting their ERMS. I think they're actually
13 below that; is that correct? You are below
14 your ERMS limit?

15 MS. CHRISTENSEN: Yes.

16 MS. DOCTORS: We have some other
17 caps in the leather industry, and it was also
18 to give them some room because of the changes
19 in the industry that today this is how you do
20 waterproof, but maybe tomorrow it might be
21 different, and, I mean, that was at least
22 what I was thinking.

23 MR. RAO: I was just trying to
24 see if we can get more information about

1 these limits because when we did the earlier
2 rulemaking, you mentioned Wisconsin had a
3 RACT and we adopted the RACT.

4 So here we are saying Maine
5 had a RACT, and that's the RACT that the
6 USEPA is going to approve. So I was --

7 MR. BECKSTEAD: I do have in here
8 a basic information document under Prime
9 Tanning. So, you know, I didn't really look
10 at it for that specific reason, but I can
11 look at it and get it to you.

12 MR. RAO: Yeah. It would be
13 helpful.

14 MR. BECKSTEAD: I was just going
15 to mention that the demarcation between water
16 resistant and nonwater resistant also appears
17 in the NESHAP. There's a line of
18 demarcation, of course, of what water
19 resistant requires and allows for more
20 emission than nonwater resistant.

21 It is consistent with what's
22 going on. How that was determined and why we
23 set it at 14 I'll go back through my basic
24 documentation and see if I can help.

1 MR. RAO: That would be helpful.

2 MR. HARSCH: We also need to
3 point out that there's been testimony today
4 that these are projected formulas for what a
5 leather might look like, but that leather
6 isn't being produced. The market for that
7 leather may, in fact, not be there because
8 that -- in the two-and-half half years it's
9 taken us to get to where we've gotten, that
10 leather is being produced overseas as
11 testified to by Ms. Christensen.

12 What Horween is asking for
13 is the flexibility to be able to respond to
14 customer demands and produce a fixed amount
15 of leather. That leather would have total
16 emissions of up to 20 tons within the other
17 boundary that Ms. Doctors talked about, which
18 would be the ERMs baseline.

19 It's that flexibility to be
20 able to respond to the market conditions to
21 produce new types of specialty leather that I
22 can only guess right now what the
23 requirements are going to be. Is that right,
24 Mr. Horween?

1 MR. HORWEEN: Right. The other
2 thing to sort of keep in mind is following
3 along that water resistant and waterproof, we
4 don't have that much experience with because
5 we're putting the cart before the horse, but,
6 again, from talking to some of the finish
7 guys, I don't know what you need.

8 If you make a lot of guys
9 use, again, some kind of oil treatment to
10 supplement for the water resistant, then in
11 those cases you might need something that's
12 got a higher VOM content to actually adhere,
13 to cling to it.

14 The other thing is that
15 there's certain applications even on the
16 drier waterproof tan where if you think of
17 having made a waterproof piece of leather and
18 then you go to spray a water-based finish on
19 it, it thinks it's water. It will bead up
20 and roll right off.

21 So in some cases, they've
22 gone -- they've needed the higher thing so
23 that they can actually make it hang on to
24 that surface, but, again, that's projection

1 on our part. That's something that I
2 couldn't give you an exact on.

3 MR. RAO: The reason I ask those
4 questions is you have proposed a standard
5 based on waterproofing.

6 MR. HORWEEN: Right.

7 MR. RAO: And we just wanted to
8 understand what waterproofing means in terms
9 of VOM emissions. So it will be helpful to
10 have information in the record.

11 MR. HORWEEN: Sure.

12 MR. RAO: Could you explain the
13 rationale for requiring the annual cap of 20
14 tons for the production of the new specialty
15 leathers in terms of your overall emission
16 cap for the facility just to give us a
17 picture as to where this 20-ton limit, you
18 know, figures in your overall emission
19 limit?

20 MR. HARSCH: Can I ask a couple
21 clarifying questions to get you that answer?

22 MR. RAO: Okay.

23 MR. HARSCH: Your facility has a
24 maximum theoretical emission rate based on

1 drying caps and other limitations of
2 approximately 90-some --

3 MS. CHRISTENSEN: 99-something.

4 MR. HARSCH: And that has been
5 recognized and submitted to IEPA, and,
6 therefore, that allowed you to be subject to
7 the 25 to 100 ton set of limitations,
8 correct?

9 MS. CHRISTENSEN: Yes.

10 MR. HARSCH: What were your --
11 what's your ERMS? Well, you have -- you
12 testified to your seasonal emissions during
13 the RACT ozone season?

14 MS. CHRISTENSEN: Yes. We have
15 281 ATUs assigned to us, which we don't go
16 through.

17 MR. HARSCH: And that would have
18 been -- 281 is about 28 tons during the ozone
19 season, and that would be predicated on the
20 two years representative of the baseline?

21 MS. CHRISTENSEN: Correct.

22 MR. HARSCH: What was your
23 total -- your production -- your production
24 has been decreasing, you've testified, over

1 the last couple of years?

2 MR. HORWEEN: Yes.

3 MR. HARSCH: What was your total
4 VOC emissions last year, do you remember?

5 MS. CHRISTENSEN: I'd have to
6 look it up. I think I might have it with
7 me.

8 MR. HORWEEN: I think part of it
9 is when the original limits were set, that
10 assumed that you were going to be on the high
11 end of your VOC finishes at your plant
12 capacity? We haven't operated at plant
13 capacity for a while.

14 MR. RAO: So this provision is
15 basically here because the USEPA asked the
16 limit be put in?

17 MR. HORWEEN: I think it also --
18 it also reflects our -- even our most
19 optimistic assessment of how much of this
20 leather we could reasonably expect to make
21 and sell. There's pockets of business that
22 we're looking at here that are consistent
23 with the type of business that we do, small
24 and specialized.

1 So, you know, anything can
2 happen, I guess, but if we could get all of
3 the business from all of the people that use
4 this type of leather that we would reasonably
5 be selling at our price levels, we would
6 still comfortably be under this. It's just a
7 given. Hopefully, it grows and it turns out
8 to be something great, but we wanted to set
9 parameters for ourselves that we could live
10 with virtually indefinitely.

11 MR. HARSCH: That's the estimate
12 of what you could -- 20 tons is how much this
13 leather that you could reasonably be expected
14 to produce if you had it basically --

15 MR. HORWEEN: On a best case --

16 MR. HARSCH: -- on a best case
17 basis?

18 MR. HORWEEN: Which we would
19 assume that a big part of the market would
20 turn around and suddenly become less
21 concerned about price. You know, they want a
22 certain product, and they would say, oh,
23 that's great, send me the bill. That's not
24 what's happening these days.

1 MS. CHRISTENSEN: I didn't find
2 the documentation, but my recommendation
3 is -- my recollection is that it's about 35
4 tons.

5 MR. RAO: Yeah. I wanted to just
6 get an idea as to why that has been put in
7 because I know looking at the data that you
8 provided, you're way below your allowable
9 emission limits. So what does it mean to
10 have this, you know, requirement in there.

11 MS. DOCTORS: From the Agency's
12 perspective, we felt this was a carve out
13 from the RACT requirements, and that's why
14 there was limit. We negotiated is what I
15 would say. It's now at 20, but it was a
16 carve out. That's what it's there for.

17 We're optimistic for this
18 company. We have hope for them that they do
19 kind of get close to the 20 ton. That's what
20 it was for. It was for a carve out. We
21 requested an annual limit, the Agency did.

22 MR. RAO: Section 218.929(b)(4),
23 the Agency, you know, has proposed that we
24 incorporate the ASTM standard for designation

1 of water resistant and nonwater resistant
2 leathers.

3 Would it be possible for you
4 to provide the Board with a hard copy of the
5 ASTM standard if you've not already done so?

6 MS. DOCTORS: I do not believe we
7 have, and, yes, I will.

8 MR. BECKSTEAD: We have it here.

9 MR. RAO: That would be great.

10 MS. DOCTORS: We could provide
11 the ASTM today to you.

12 MR. HARSCH: I don't have one in
13 my file. If you've got it and you could make
14 me one, that would be great.

15 MS. CHRISTENSEN: The new NESHAP
16 goes by that also.

17 MR. RAO: Okay. Under the
18 reporting and recordkeeping requirements
19 under Subsection (d)(3), the provision allows
20 for alternative plan for reporting and
21 recordkeeping requirements if approved by the
22 Agency and USEPA.

23 Could you please comment on
24 whether the alternative recordkeeping

1 provision addresses your concern about this
2 whole issue of recordkeeping by batch or the
3 way you have been doing it under the existing
4 rules?

5 MS. CHRISTENSEN: Well, we've
6 been doing it this way for a very long time
7 with no problems, and I'm just not sure --

8 MR. RAO: Can this be an
9 alternative plan?

10 MS. DOCTORS: Oh, you're asking
11 the --

12 MR. RAO: Yeah, either the Agency
13 or --

14 MR. HARSCH: We have not come up
15 with an alternate plan. It's still at
16 issue. We're not anywhere -- don't have any
17 idea how to come up with an alternate plan.
18 We don't think Horween has testified to -- we
19 do not think that it's -- that there's any
20 problem in maintaining any records to
21 substantiate the amounts -- small amounts of
22 this material that is used and allocated
23 based on production to the varying types of
24 leather, and we don't know what that --

1 really how to come up with an alternative,
2 and we think that the best way to do it is
3 simply have the Board address the issue.

4 This is an issue we could
5 not resolve, and it's one we're putting
6 before the Board to resolve based on the
7 record before it, which Horween respectfully
8 believes shows that USEPA's concerns and,
9 therefore, the Agency's concerns are not
10 well-founded.

11 MR. RAO: Did you mention
12 something about triple counting the dye
13 usage? Would that be a potential way to
14 address this issue?

15 MR. HARSCH: In a facetious
16 manner, yes. I mean, why should the company
17 have to triple count the emissions? The
18 usage of the material and assess it all to
19 the three subcategories of leather when it,
20 you know, is already maintaining records that
21 they think is adequate.

22 Right now if you were to
23 enact it with batch, that's the only way
24 really you think you can do it, but it

1 doesn't make any sense to have to. It's kind
2 of a facetious requirement. It doesn't make
3 any sense. They can do it. It just means
4 that 20 tons gets reduced down by a smaller
5 number.

6 MS. DOCTORS: I would say that
7 this is kind of an administrative
8 bureaucratic thing that I ended -- which I
9 added recently when I realized that there was
10 a lack of -- that I couldn't bring everybody
11 together. I wanted to ensure that all the
12 work that we've gone through over the last
13 couple of years was approvable in some
14 respects. I mean --

15 MR. HARSCH: We appreciate, you
16 know, Ms. Doctors' efforts in trying to do
17 that. It's just --

18 MS. DOCTORS: But I don't have an
19 alternate plan in mind. I just put it in
20 there because I didn't know if the rule would
21 be approvable by USEPA if the Board, in fact,
22 adopted a rule without the by batch
23 language. I don't know how to predict that.
24 So I put this in in case there was a

1 problem. I just didn't want there to be a
2 problem for the company.

3 MR. HORWEEN: It overstates it.

4 MS. DOCTORS: Right.

5 MR. HORWEEN: I mean, you'd be
6 reporting emissions beyond what you purchased
7 or used.

8 MS. DOCTORS: Right. I'm not
9 proposing that.

10 MR. HORWEEN: No, no. I know
11 that. But, I mean, that's why -- I mean, the
12 reverse is, you know, that we were so far
13 under in any event that the aggregate doesn't
14 give you a picture of what's actually going
15 on.

16 MR. RAO: So are you saying that
17 provision under Subsection (b)(3) would make
18 this rule approvable by the USEPA if by batch
19 is not in the rule?

20 MS. DOCTORS: It's hard --

21 MR. RAO: Because my
22 understanding is this rule will become
23 effective only upon approval by USEPA; is
24 that correct?

1 MS. DOCTORS: Yes. That is
2 correct, that it becomes effective when it's
3 approved by USEPA. That's my understanding.

4 MR. HARSCH: It's effective for
5 Illinois purposes when the Board enacts it.
6 It doesn't become an amendment until it's
7 approval by USEPA.

8 MS. DOCTORS: Okay. I am not
9 sure. Sometimes I'm able to predict what
10 USEPA will do and sometimes I am not.

11 MR. HARSCH: The frustrating part
12 of this, and if you want to swear me in,
13 swear me in, you have --

14 HEARING OFFICER MURPHY: Mr. Harsch
15 can be sworn in.

16 (Witness sworn.)

17 MR. HARSCH: And all my previous
18 statements are made with that understanding.

19 What's frustrating is that
20 we're dealing with the comments of a very
21 knowledgeable and responsible person at
22 USEPA, but that person does not speak for
23 USEPA Region V or USEPA in its total.

24 That person has given

1 indications during our discussions and
2 indications to Illinois EPA, but USEPA never
3 comes to the Board proceedings. They never,
4 you know, make themselves available for
5 cross-examination or questioning.

6 We're anticipating what the
7 position of a staff person is, and that's not
8 necessarily the position of -- you know, the
9 formal position of USEPA. So, therefore, we
10 do appreciate the efforts by Ms. Doctors to
11 draft a rule that she thinks will satisfy
12 that staff person, but it's really, I
13 believe, the Board has a statutory duty to
14 enact a regulation under the Illinois
15 Environmental Protection Act, in essence, to
16 find what's a reasonably available control
17 technology for this subcategory of leather
18 and submit it and for the Illinois EPA to
19 submit it to USEPA for approval.

20 Horween has already
21 testified that the way they calculate
22 emissions are even more conservative than
23 what's specified in the rule because they
24 don't take credit for the stuff that they cut

1 off and, you know, don't ship. We don't
2 think that three-and-a-half tons of one
3 coating and 300 pounds of the other coating
4 that they allocate based on a production
5 basis should form the basis of an objection
6 by USEPA and will form the basis of an
7 objection by USEPA if the Board enacts the
8 rule without the words by batch.

9 It's just a lot of effort
10 over a very minor point that we don't
11 think -- I think the Board has got a record
12 before it. It should enact it and make a
13 determination as to what is the RACT, and I
14 don't know if USEPA has the authority to
15 disapprove it. Thank you.

16 MR. RAO: On page ten of the
17 petition, you state that USEPA has concluded
18 a scientific study with the recommendation
19 that ethylene glycol and butyl ether should
20 be delisted from the list of hazardous air
21 pollutants.

22 Would it be possible for you
23 to provide the Board with a citation of that
24 stud or if you have a copy of that study?

1 MR. BECKSTEAD: That was -- that
2 information was given to us by Bill Schrock,
3 who Julie mentioned in her testimony who was
4 the man who wrote a letter quoting NESHAP,
5 and he said that it was. He gave
6 us -- it has been submitted and is being
7 reviewed. It will probably be next year,
8 late next year, before any decision-making.
9 He didn't really cite any documents.

10 MR. HARSCH: Since I'm sworn,
11 I've been on conversations with Mr. Schrock
12 as well. The Can Coaters Institute, American
13 Can Coaters, whatever the -- American Can
14 Coating Institute, I think, submitted a
15 petition to delist that compound, and it has
16 been pending at USEPA. There has been no
17 formal action that I'm aware of taken by
18 USEPA or any proposal. It's still kicking
19 around within the boundaries of research in a
20 different shop than Mr. Schrock's shop.

21 MR. BECKSTEAD: It's a completely
22 different operation that makes those
23 decisions.

24 MR. RAO: You know, in your

1 petition, you mention about a USEPA
2 scientific study. We're just curious if you
3 had the citation for the study, not the USEPA
4 determination about delisting.

5 MR. HARSCH: It may not be
6 correct. It should state that there had been
7 a study -- scientific study concluded. I
8 mean, it's not a -- I'd like to change that
9 on the record. That should state that there
10 has been one done by the Can Coaters and
11 submitted to USEPA.

12 MS. CHRISTENSEN: This is
13 information I gotten from leather Industries
14 of America.

15 MR. HARSCH: I think that's Can
16 Coaters, isn't it?

17 MS. CHRISTENSEN: This is what
18 they gave me.

19 MR. HARSCH: I think it's Can
20 Coaters that did it, not CNA, but I'll verify
21 that. I'll try to find a -- I'll try to get
22 you better information as to what -- exactly
23 who did it and when it was submitted. It was
24 my understanding it was the Can Coaters.

1 MR. RAO: One last question.
2 During the earlier rulemaking in R93-14, you
3 know, Horween and the Agency worked together
4 to produce this, you know, conference of
5 technical support document which addressed,
6 you know, the emission control technologies
7 and the costs associated with those
8 technologies.

9 Have there been any more
10 recent evaluations done of the emission
11 control technologies and costs. Any
12 alternative information would be helpful to
13 the Board.

14 MR. BECKSTEAD: I think the Prime
15 Tanning file did address that matter, the
16 cost at Prime Tanning. It's not specific to
17 Horween, but to answer your question, Horween
18 I don't think has done an additional study.

19 MR. RAO: No. Any information
20 that's out there, that could be helpful.

21 MR. BECKSTEAD: If I can make one
22 comment about how were the 14 and 24
23 established, initially Prime Tanning had set
24 much higher -- requested 38 pounds per

1 thousand and an annual rolling -- 12-month
2 rolling with a 50 pound per thousand for any
3 one month, whether they were water resistant,
4 and I think a non -- water resistant,
5 nonwater resistant was 24, and USEPA made the
6 decision that RACT was tighter than that and
7 established a 24-14 limit. That was the
8 amendment of number five to their license.
9 That's who established those limits, but I'll
10 see if I can't get into them, the basic
11 documentation, and still get you some
12 information on that.

13 MR. HARSCH: RACT had been
14 approved in Wisconsin and other states at 38
15 pounds per gallon -- 38 pounds -- 38 pounds
16 per thousand square feet and had been
17 approved by Region V as RACT at the time the
18 Board considered the exemptions that they
19 ultimately enacted.

20 So the Board's adoption of
21 specialty leather exemptions was a tighter
22 limit than, in some respects, Wisconsin.
23 What Horween had originally proposed,
24 correct, Gary, was 38 pounds per thousand

1 square feet, and we negotiated it to the
2 present exemption?

3 MR. BECKSTEAD: Right. That
4 was -- and that was the determined back in
5 the mid eight '80s based on primarily
6 Wisconsin operations, and when we looked at
7 it in the early '90s, we felt that that was a
8 little bit too much lenient and, therefore,
9 we carved this new RACT regulation, which
10 only allowed that in specialty cases.

11 MR. RAO: All right. Thank you
12 very much for your very helpful responses to
13 clarify a lot of things in the rules.

14 MR. TRISTANO: Could you tell me
15 the size of the firm?

16 MR. HORWEEN: I'm sorry?

17 MR. TRISTANO: Could you tell me
18 the size of your firm? Is it in one location
19 in Chicago?

20 MR. HORWEEN: Yes, a single
21 plant.

22 MR. TRISTANO: How many square
23 feet do you have?

24 MR. HORWEEN: The plant itself?

1 MR. TRISTANO: Yes.

2 MR. HORWEEN: It's approximately
3 190,000 square feet.

4 MR. TRISTANO: What's your sales
5 volume?

6 MR. HORWEEN: Last year or ten
7 years ago?

8 MR. TRISTANO: Last year.

9 MR. HORWEEN: It's come down. I
10 mean, we did about \$20 million dollars in
11 sales last year.

12 MR. TRISTANO: And what is the
13 estimate in terms -- the reason I'm asking
14 these questions is DCCA is not responding to
15 us in terms of finances.

16 What does this new product
17 line mean to you? What is your estimates in
18 terms of your volume?

19 MR. HORWEEN: Again, I mean, you
20 have sort of best hopes on certain things.
21 You know, at the time when we first started
22 on the performance dress leathers, it was
23 probably -- it was our hope that the -- if we
24 could get -- let's see. The hope was that

1 you could do another million and a half to
2 two million dollars a year in sales on the
3 performance dress and probably that -- maybe
4 that or little more, again, on the mid-range,
5 and that may have changed. I mean, the sort
6 of hybrid stuff leather now is probably more
7 important leather given the styles,
8 particularly we do ship a lot of stuff
9 overseas. A lot of those factories do cement
10 construction shoes, you know.

11 I mean, for us, our hopes as
12 we look at this stuff if we can go for a
13 product on an incremental basis to increase
14 our business by ten percent, we think that's
15 a good thing.

16 MR. TRISTANO: How many employees
17 do you have?

18 MR. HORWEEN: We have about 140.
19 Those have come down. I mean, again, that's
20 why I was asking. Our peak sales year was
21 1992, and in that year we did slightly over
22 32 million dollars in sales, and we had
23 almost 200 employees.

24 MR. TRISTANO: This proposed rule

1 would have flexibility to go to other lines
2 of specialty leather?

3 MR. HORWEEN: Yes.

4 MR. TRISTANO: Do you anticipate
5 any of these -- do you have any idea which
6 lines, if any, you're thinking about going
7 into?

8 MR. HORWEEN: I mean, these are
9 probably covered, you know, fairly
10 specifically based on customer requests. I
11 mean, people who come to us and say I'm using
12 this, this company doesn't exist any longer,
13 if you could do this, we could do that. I
14 mean, the dress -- the dress-type leather is
15 one, and then the cementable type
16 construction is another. You know, even to
17 date the substitutes that are manufactured
18 elsewhere are not satisfactory.

19 MR. HORWEEN: I understand -- I
20 think we understand from your testimony what
21 your current recordkeeping is. The Agency
22 has proposed by batch. I assume we're only
23 talking about additional costs here, are we
24 not?

1 I mean, all you have to do
2 is modify the record system; is that not
3 correct.

4 MS. CHRISTENSEN: Basically, I
5 think it would take having a person in our
6 finishing lab watching them make up the
7 leather all day long and keep totaling all
8 the different things that are put in each
9 batch because we don't have, like, an
10 automatic system, you know, where they can --
11 you know, okay this finish gets this, this,
12 this. That's not the way it works.

13 You know, in the finishing
14 lab, they're constantly, like, working as an
15 artist's pallet adding a little bit of this,
16 a little bit of that, and they see what it
17 comes out like. They might have to go back
18 to it again and give me another two ounces of
19 this or another -- it's just a constant
20 adjustment that's made all day long, and it
21 would be an employee.

22 MR. TRISTANO: An employee for a
23 two million dollar line?

24 MR. HORWEEN: Best case, right.

1 I mean, the other thing, of course, is -- you
2 know, I can't speak to what other industries
3 make on something like that, but for us,
4 that's -- the margins in this industry are
5 not -- we're not killing it.

6 MR. TRISTANO: I want to ask a
7 little bit -- a couple more questions here
8 real fast.

9 You're talking -- the Agency
10 is addressing the fact that you would go and
11 attempt to do a study using the high volume
12 low pressure, and it would give you a year to
13 document the fact that it did or did not work
14 in your environment.

15 I guess I would like you to
16 elaborate on what your objection is to having
17 a year to either prove or disprove the
18 ability of the high volume low pressure
19 spray.

20 MR. HARSCH: Since I'm sworn in,
21 this is supposed to be reasonably available.
22 Under the Clean Air Act, states are required
23 to enact reasonably available control
24 technology regulations and apply them to

1 existing sources. This is an existing
2 source. This is a reasonably available
3 control technology rule.

4 It is supposed to be just
5 that. It's supposed to be an available
6 technology or an available coating that's
7 available. Historically, the Board has
8 enacted and accepted the fact that certain
9 coatings or certain coating technologies or
10 certain coating controls, if they're shown by
11 the applicant as not being reasonably
12 available, the Board has made those findings
13 and has included exemptions within the
14 rules.

15 It's not supposed to be a
16 rule that legally requires a source to go out
17 and come up with a new technology or a new
18 means to make its product. I think the
19 record clearly shows that Horween cannot
20 produce its finishes -- its leather and
21 finishes with these types of nozzles, that
22 they don't meet the definition that the
23 nozzles that are available have to be used in
24 a manner that doesn't meet the definition

1 of -- the regulatory definition of high
2 volume low pressure.

3 That's a defined legal
4 term. It's part of the state implementation
5 plan, and, frankly, the person at USEPA
6 that's made that suggestion has ignored
7 that. Mr. Horween has testified that he
8 doesn't have any problem with continuing to
9 investigate alternate requirements. You're
10 enacting a rule. You accepted the Agency's
11 language that essentially is technology
12 forcing, and that's not what the purpose of
13 RACT is supposed to be.

14 HEARING OFFICER MURPHY: Could
15 the Agency give me their --

16 MR. BECKSTEAD: When I -- this --
17 when I suggested the HVLP, my understanding
18 was that the payback, the economic advantage,
19 that this was a win-win situation when we
20 discussed it. From my understanding, the
21 technology is available, it is reasonable.
22 We're talking about five or six hundred
23 dollars a head. They have eight heads.
24 They've got the compressor if that's

1 necessary, \$1500. You're talking less than
2 \$5,000, but, again, my suggestion was
3 strictly that there's less emissions from
4 HVLP, and you're going to get paid back in
5 less than three years the studies that I'm
6 seeing.

7 So I thought it was a
8 win-win and hopefully that they might pursue
9 that route. It's, you know, a suggestion
10 from us. It was part of the Prime Tanning
11 and USEPA brought that point out when we
12 started discussing HVLP was RACT at Prime
13 Tanning. Well, Prime Tanning is a different
14 operation than Horween. I appreciate that.

15 So we just asked in the
16 regulation -- this was an impasse as Rachel
17 has mentioned. We just asked if you want
18 look at that for a year and see if it will
19 work for you guys. You can make some dollars
20 out of it. You'll get less emissions. That
21 was the purpose of it to get through the
22 impasse that we were at.

23 MR. HORWEEN: I guess I would
24 just have one question too. I don't know --

1 how -- you know, I'm trying to -- I mean, as
2 I said, I mean, if there's a better way to do
3 this, you know, especially if it can work and
4 I can save, it only pays, you know, to do
5 that.

6 What sort of requirement is
7 there going to be to disprove it? I'm
8 afraid, you know, it's a very subjective
9 thing. You know, I can be open to the
10 criticism saying, yeah, I tried it, I don't
11 like it. You know, how do we decide that I
12 did try it or that I did look at it? I'm
13 going to pursue it. I've got -- our
14 technical guy is going to be talking to
15 actually the gentleman that was referred. We
16 called the guy that you had suggested. He
17 said, well, I'm one of the guys looking at it
18 in your area, but another guy is working with
19 the tech support staff. So my technical guy
20 is in conversation with them.

21 If it does what he says it
22 does, then it does make sense, but I don't
23 know how to objectively, you know, put that
24 together to say, well, you know, evaluate it,

1 this, this, and that and it fails on these on
2 these grounds. I mean, the hybrid guns, you
3 know, they make some sense, and, you know,
4 I've also contacted some other tanneries that
5 I know, you know, other than the guy -- the
6 one that -- the guy that used to be in
7 Milwaukee just to see what their experience
8 was, but that's part of an ongoing process
9 for us -- for us anyway.

10 I mean, so that's -- I guess
11 that's my biggest concern. I mean, you know,
12 I don't know how to sort of get my hands
13 around that other than being -- we're in
14 touch on a regular basis, and I'm happy to
15 sort of give them progress reports, but I
16 don't know how you say, well, it's never
17 going to work because the technology has
18 improved certainly from when they first
19 started. More and more people have found
20 ways to use it. So I can't say that it never
21 is going to happen, but from the basis of
22 this right now, it's not a practical thing.
23 Okay.

24 MR. MELAS: I also was -- had in

1 mind a question about this HVLP, and,
2 Mr. Beckstead, just to clarify in simple
3 layman's terms for myself, what is the
4 advantage or what is the proposed advantage
5 of the HVLP? I think I heard you say a
6 moment ago fewer emissions?

7 MR. BECKSTEAD: Right. The
8 pressure -- they're operating at, my
9 understanding, around 60 pounds per square
10 inch at the head, and so your impinging at a
11 very high pressure, and what happens some of
12 it bounces off and you get overspray, and the
13 HVLP gun operates at lower pressures, ten PSI
14 or less, and so you don't get that
15 impingement. You don't get that bouncing
16 off, and I understand they're having trouble
17 with too much volume.

18 I would think -- I'm not,
19 you know, an expert in HVLP, but I would
20 think you would be able to control the amount
21 of volume on the gun that's hitting that
22 surface, but the whole idea is you don't
23 bounce the particles off of your surface, and
24 the fact that it's a flat piece, when I

1 talked to the HVLP people, they said, well,
2 are they spraying some kind of a weird
3 object, and I said no, it's just a flat piece
4 of leather coming down. It should pay for
5 itself in about three years and it's an
6 excellent application. Of course, they're
7 not leather experts either. These guys are
8 closer to it. I'm just going by what the
9 HVLP boys are telling me.

10 MR. MELAS: That was what I was
11 just thinking too. You're getting a lesser
12 pressure?

13 MR. BECKSTEAD: That's right.

14 MR. MELAS: But at the same time,
15 HV means you're using more volume?

16 MR. BECKSTEAD: Right.

17 MR. MELAS: Maybe the two would
18 cancel each other out?

19 MR. BECKSTEAD: But it's proved
20 that it is. I mean, that's why it's caught
21 on in so many different applications. The
22 automotive industry was the first to start
23 with the HVLP concept. It was saving them
24 paint. It was saving them, you know,

1 overspray, and it's cost-effective, and
2 that's why everybody went to it. I don't
3 know if that addresses your question. It
4 looks like -- I understand what you're
5 saying, it looks like you're getting more
6 volume and, therefore, you're defeating the
7 purpose, but evidently there's a way to
8 control that too.

9 MR. HORWEEN: The conversation
10 with the guy that we recommended, he referred
11 us on because he said it wasn't reversible.

12 MR. BECKSTEAD: And I'm not -- I
13 didn't mean to advocate that you have to use
14 this new cutting edge technology that
15 Divilibus has. I know they make HVLP guns,
16 and, you know, I thought, well, try what they
17 have in stock and see what this new gun is
18 about. You know, if that will save you some
19 costs, fine.

20 MR. HORWEEN: That's great.

21 MR. HARSCH: What you've just
22 heard is the technology forcing issue.
23 Mr. Horween contacted the person that
24 Mr. Beckstead talked to, this manufacturer of

1 this hybrid gun, and when you got into
2 identifying who you were, what did he tell
3 you, Mr. Horween?

4 MR. HORWEEN: Well, that he would
5 refer me on to their national support group.

6 MR. HARSCH: Because he didn't
7 know anything about leather finishing?

8 MR. HORWEEN: Right. He's not a
9 leather finisher. That theoretically with
10 different -- with different nozzle sizes and
11 different needle sizes and if we could adjust
12 viscosities, we ought to be able to make it
13 work, but the question then is if you use
14 different finishes with different
15 viscosities, then are you adjusting the
16 finishes to work in the gun or do you have to
17 change the guns over to do different -- I
18 mean, that's the part -- I mean, again, I
19 know enough at that point to pick up the
20 phone and call my technical guy, but that's
21 why they're having the conversation so we can
22 make that determination.

23 HEARING OFFICER MURPHY: Do we
24 have any further questions from the Board

1 members or Board staff? Seeing none, is
2 there any further statements, comments, or
3 questions by anyone here present?

4 MR. HARSCH: Thank you very much
5 for your attention this morning.

6 HEARING OFFICER MURPHY: If we
7 can go off the record for a moment.

8 (Discussion had
9 off the record.)

10 HEARING OFFICER MURPHY: Are
11 there any other matters which need to be
12 addressed at this time?

13 MS. DOCTORS: I can give you a
14 copy of the ASTM record.

15 HEARING OFFICER MURPHY: Okay.
16 The record in this matter will close on July
17 19th. The Board anticipates that it will go
18 to first notice a few weeks after that if
19 it's not controversial.

20 If any persons would like a
21 copy of the transcript of today's hearing,
22 please contact the court reporter directly.
23 If you order a copy of the transcript from
24 the Board, the cost is 75 cents a page.

1 Also, you have the option of downloading the
2 transcript from the Board's web site at no
3 charge. If there isn't anything further, the
4 hearing is adjourned. Thank you.

5 (Whereupon, these were all
6 the proceedings held in
7 the above-entitled matter.)

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1 STATE OF ILLINOIS)
) SS.
2 COUNTY OF C O O K)

3

4 I, GEANNA M. IAQUINTA, CSR, do
5 hereby state that I am a court reporter doing
6 business in the City of Chicago, County of
7 Cook, and State of Illinois; that I reported
8 by means of machine shorthand the proceedings
9 held in the foregoing cause, and that the
10 foregoing is a true and correct transcript of
11 my shorthand notes so taken as aforesaid.

12

13

14 _____
GEANNA M. IAQUINTA, CSR
Notary Public, Cook County, IL
15 Illinois License No. 084-004096

16

17 SUBSCRIBED AND SWORN TO
before me this _____ day
18 of _____, A.D., 2002.

19 _____
Notary Public

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