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ILLINOIS POLLUTION CONTROL BOARD

IN THE MATTER OF:	)	
	)	
	)	
PETITION OF FORD MOTOR	)	
COMPANY FOR AN ADJUSTED	)	No. AS 05-05
STANDARD FROM 35	)	(Adjusted Standard-Air)
Ill. Adm. Code 218.586	)	
	)	

TRANSCRIPT OF PROCEEDINGS held in the  
above-entitled cause before Hearing Officer  
Bradley P. Halloran, called by the Illinois  
Pollution Control Board, pursuant to notice, taken  
before Julia A. Bauer, CSR, RPR, a notary public  
within and for the County of Will and State of  
Illinois, at 100 West Randolph, Room 11-512,  
Chicago, Illinois, on the 28th day of June, A.D.,  
2005, scheduled to commence at 10:00 a.m.,  
commencing at 10:03 a.m.

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

2

ILLINOIS POLLUTION CONTROL BOARD,  
100 West Randolph Street  
James R. Thompson Center, Suite 11-500  
Chicago, Illinois 60601  
(312) 814 - 8917

5 BY: MS. ALISA LIU  
MR. TIMOTHY FOX

6

Appeared on behalf of the Illinois  
Pollution Control Board;

7

8

SCHIFF & HARDIN, LLP,  
6600 Sears Tower  
Chicago, Illinois 60606  
(312) 258 - 5567

10 BY: MS. KATHLEEN C. BASSI  
11 MS. KAVITA M. PATEL

12 Appeared on behalf of Ford Motor Company;

13

FORD MOTOR COMPANY,  
Three Parklane Boulevard  
Parklane Towers West, Suite 950  
Dearborn, Michigan 48126  
(313) 248 - 5030

16 BY: MR. TIMOTHY A. GREEN

17 Appeared on behalf of Ford Motor Company;

18

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY,  
1021 North Grand Avenue  
East P.O. Box 19276  
Springfield, Illinois 62994-9276  
(217) 782 - 5544

21 BY: MR. CHARLES E. MATOESIAN

22 Appeared on behalf of the Illinois  
Environmental Protection Agency.

23

24 ALSO PRESENT: Mr. John C. Baguzis  
Mr. Jerry Clark  
Mr. Darwin Burkhart

L.A. REPORTING (312) 419-9292

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I N D E X

THE WITNESS: JOHN BAGUZIS

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1                   HEARING OFFICER: We're on the record.  
2                   Good morning everyone. My name is Bradley  
3                   Halloran. I'm a hearing officer with the  
4                   Illinois Pollution Control Board. I'm also  
5                   assigned in this case being in the matter of:  
6                   Petition of Ford Motor Company for an  
7                   adjusted standard from 35, Illinois  
8                   administrative code 218.586. The Board has  
9                   designated that as AS05-5. It's an adjusted  
10                  standard for air.

11                  Today is Tuesday, June 28th, 2005,  
12                  approximately 10:00 a.m. I note, except for  
13                  the represents from our office, there appears  
14                  to be no members of the public here. This  
15                  hearing is being held pursuant to section  
16                  104.400 subpart D of the Board's procedural  
17                  rules regarding adjusted standards. The  
18                  hearing will be governed in accordance with  
19                  the Illinois Environmental Protection Act and  
20                  the Board's procedural rules, specifically  
21                  section 101 subpart F. I note that this  
22                  hearing is intended to develop a record for  
23                  review by the entire Board.

24                  As you may or may not know, I will

1 not be deciding the case. It's the Board's  
2 position to do that. They will review the  
3 transcript of this proceeding and the  
4 remainder of the record, including the  
5 post-hearing briefs, and render a decision in  
6 this matter. My job is to ensure an orderly  
7 hearing and present a clear record to develop  
8 so that the Board can have all the necessary  
9 information before it when it makes its  
10 decision.

11 You know, I want to make an  
12 introduction before I begin -- we go any  
13 farther. We have Ms. Alisa Lui from our  
14 technical staff with us, and she may or may  
15 not be asking questions today. We also have  
16 Timothy Fox. He's also a staff attorney with  
17 the Board. With that said, Ms. Bassi would  
18 you like to introduce yourself?

19 MS. BASSI: Yes, sir. My name is  
20 Kathleen Bassi, B-A-S-S-I. I am with Schiff,  
21 Hardin and represent Ford in this matter, in  
22 this adjustment standard. With me today from  
23 my office is Kavita Patel, and from Ford  
24 Motor Company today, we have Tim Green and

1 John Baguzis. Mr. Baguzis will be providing  
2 some testimony at the appropriate time.

3 HEARING OFFICER: Could you spell  
4 that, please?

5 THE WITNESS: B-A-G-U-Z-I-S.

6 HEARING OFFICER: Thank you.  
7 Mr. Matoesian?

8 MR. MATOESIAN: Good day. My name is  
9 Charles Matoesian. I am appearing for the  
10 Illinois Environmental Protection Agency.  
11 With me today is Jerry Clark, who will be  
12 providing brief testimony and be able to  
13 answer questions from the Board. Also,  
14 Mr. Darwin Burkhart, who is also available to  
15 answer questions. Thank you.

16 HEARING OFFICER: Ms. Bassi, would you  
17 like to do an opening or some kind of  
18 outline?

19 MS. BASSI: Yes. Thank you.

20 HEARING OFFICER: You have the floor.  
21 Thank you.

22 MS. BASSI: Thank you. Ford Motor  
23 Company operates a Stage II Vapor Recovery  
24 system at a Chicago assembly plant, which is

1 located at 12600 South Torrence Avenue here  
2 in Chicago. Ford must provide fuel to new  
3 vehicles after it has assembled them in order  
4 for these vehicles to leave its assembly  
5 plant and be delivered to the retail  
6 destinations. The Stage II system at the  
7 Chicago assembly plant does comply with the  
8 requirements of 35 Illinois administrative  
9 code section 218.586. It is also cart  
10 certified, which is a prerequisite for  
11 compliance with section 218.586, and it  
12 achieves at least a 95 percent reduction in  
13 emission to volatile organic material or VOM  
14 that is captured during fueling.

15 Consistent with the requirement  
16 section 206A6 of the Clean Air Act, all of  
17 the vehicles that Ford assembles at this  
18 particular plant are equipped with on-board  
19 vapor refueling technology or known as ORVR,  
20 and ORVR performs the same function as Stage  
21 II Vapor Recovery. It captures the emissions  
22 that are released during fueling and stores  
23 them in a canister, and Mr. Baguzis can talk  
24 about that or answer any questions about that

1 if anyone has any questions.

2 ORVR is required by the Clean Air  
3 Act also to capture a minimum of 95 percent  
4 of the emissions that are released during  
5 fueling; and therefore, at Ford, at the  
6 moment at the assembly plant, we have two  
7 systems that are performing the same  
8 functions, both of them are capturing  
9 emissions during fueling, and this is a  
10 situation that will occur increasingly across  
11 the country as more and more vehicles become  
12 equipped with ORVR. At the Ford -- excuse  
13 me.

14 The Clean Air Act provides that  
15 USEPA may grant waivers to areas of the  
16 country as ORVR becomes widespread in the  
17 area. However, it's our understanding that  
18 USEPA has not yet defined what widespread  
19 means. We believe that it is appropriate,  
20 however, for the Board to grant an adjusted  
21 standard to Ford Motor Company for its  
22 Chicago assembly plant because all of the  
23 vehicles that are fueled there are ORVR  
24 equipped. Therefore, in this one little spot



1 in the nonattainment area, Ford has  
2 accomplished the goals of the Clean Air Act,  
3 in that, all the vehicles are ORVR and Stage  
4 II Vapor Recovery is now redundant and not  
5 necessary. There will be no environmental  
6 harm that would result from the Board  
7 granting this adjusted standard because the  
8 ORVR equipped vehicles at the Ford assembly  
9 plant that are fueled there capture emissions  
10 at the same rate or a better rate than Stage  
11 II Vapor Recovery does.

12 I would note that in the Agency's  
13 response to our petition for an adjusted  
14 standard, they noted that California has even  
15 performed some research that suggests that  
16 the efficiencies are reduced when you have  
17 the competing Stage II and ORVR systems  
18 operating at the same time. From that  
19 standpoint then the environment would be  
20 benefitted by the Board's granting this  
21 adjusted standard.

22 I would like to elaborate for a  
23 minute or two on why we believe this relief  
24 is federally approvable, which is one of the

1 important aspects, not only for the Board's  
2 decision, but also for the Agency and for  
3 Ford. I mean, we don't want something that's  
4 not federally approvable. As I said, the  
5 Clean Air Act provides that USEPA may grant  
6 waivers from Stage II Vapor Recovery in  
7 certain instances, and it has in fact done  
8 so. It has approved SIP -- a SIP is a state  
9 implantation plan. It has approved SIP for  
10 Georgia and for Florida for waivers from  
11 Stage II Vapor Recovery.

12 The Florida -- I'm sorry. The  
13 Georgia case is kind of interesting because  
14 Georgia adopted a rule that at section  
15 391-3-1-.02(2)(ZZ) that it sets criteria  
16 apparently that Georgia can use to decide  
17 when it should grant a waiver from Stage II  
18 Vapor Recovery, and USEPA approved this rule.  
19 It's kind of a general rule, and EPA approved  
20 it and allowed the decision for granting  
21 waivers to be given to the state, and so then  
22 apparently sources in Georgia do not have to  
23 go through a special rule making, like  
24 essentially we're doing here, in order to get

1           this relief.

2                         Broward County, Florida is a  
3           slightly different situation, and I want to  
4           talk about it because in some respects there  
5           are some parallels to Illinois. Broward  
6           County, Florida was a moderate nonattainment  
7           area for the one-hour ozone standard.  
8           Chicago is now a moderate nonattainment area  
9           for the eight-hour ozone standard, and the  
10          Clean Air Act provides that you don't have to  
11          have Stage II Vapor Recovery in moderate  
12          nonattainment areas. However -- and for that  
13          reason, USEPA approved the SIP revision for  
14          Florida, and said, you know, it's fine, and  
15          you didn't need it anyway. I don't think  
16          that's necessarily the case in Illinois. As  
17          we transition from one-hour ozone to  
18          eight-hour ozone, there's certain one-hour  
19          ozone requirements that will still remain  
20          applicable, and Stage II Vapor Recovery  
21          appears to be one of them until the -- until  
22          Illinois has reached the point that USEPA has  
23          decided, whenever it makes that decision,  
24          that it's no longer required.

1                   Never the less, even though it  
2                   appears that Stage II Vapor Recovery will  
3                   remain an applicable requirement in the  
4                   Chicago area, Ford has met the requirements.  
5                   You know, it is 100 percent ORVR fueled  
6                   vehicles that are -- or vehicles that are  
7                   fueled at the Chicago assembly plant. It  
8                   does compare more to what USEPA has approved  
9                   in Florida (sic) where they granted just out  
10                  of a general relief -- did I say Florida?  
11                  Georgia, and left it up to Georgia to  
12                  determine when it was no longer required. In  
13                  both cases in Florida and Georgia, they were  
14                  given the relief in situations that are very  
15                  similar to this one, and that is where the  
16                  vehicles that are fueled are kind of  
17                  controlled. They're all ORVR equipped  
18                  vehicles.

19                  We request that the Board grant  
20                  this petition for adjusted standard to Ford,  
21                  and at the appropriate time, I would like to  
22                  have Mr. Baguzis testify a little bit  
23                  further. He would talk about some of the  
24                  technical aspects that are related to our

1 petition.

2 HEARING OFFICER: Thank you,  
3 Ms. Bassi. Mr. Matoesian?

4 MR. MATOESIAN: Yes, thank you. Good  
5 day everyone. As we stated in our  
6 recommendation, we recommend the granting of  
7 the suggested standard. We believe the  
8 particular facts of Ford, that is being  
9 100 percent ORVR equipped vehicles being  
10 assembled, and the fact that they engaged in  
11 a Stage II system warrant the granting of an  
12 adjusted standard. We want to base this  
13 particularly on the particular facts of Ford.  
14 We don't believe that this in any way  
15 indicates a finding of widespread for the  
16 Chicago area. We are -- as regards to Stage  
17 II. This is solely on the facts of Ford, and  
18 concerning the other states, such as Florida  
19 and Georgia, while that may have some  
20 persuasive value, again, we make no parallels  
21 throughout the situations that might be in  
22 Illinois.

23 Once again, this is a particular  
24 fact of Ford that we believe warrant the

1 grant of an adjusted standard, and at the  
2 appropriate time we would have Mr. Jerry  
3 Clark give some brief testimony to that  
4 affect. Thank you.

5 HEARING OFFICER: Thank you,  
6 Mr. Matoesian. Ms. Bassi, I'm thinking we  
7 can probably keep Mr. Baguzis right there  
8 (indicating).

9 MS. BASSI: Okay. Fine.

10 HEARING OFFICER: Is that okay, Julia?

11 COURT REPORTER: (Indicating.)

12 HEARING OFFICER: If there's a  
13 problem, we can move him up here. If you'd  
14 please raise your right hand, Julia will  
15 swear you in.

16 (Witness sworn.)

17 HEARING OFFICER: Thank you. You may  
18 proceed.

19 WHEREUPON:

20 JOHN BAGUZIS

21 called as a witness herein, having been first duly  
22 sworn, deposeth and saith as follows:

23

24

1                                   E X A M I N A T I O N

2       BY MS. BASSI:

3               Q.       Mr. Baguzis, would you please state  
4       your name for the record and spell your last name?

5               A.       My name is John Baguzis,  
6       B-A-G-U-Z-I-S.

7               Q.       And where are you employed?

8               A.       Ford Motor Company.

9               Q.       And what is your position with Ford?

10              A.       I'm an environmental control engineer.

11              Q.       What is the address of your  
12       employment, in other words, where you work?

13              A.       You're going to make me pull out my  
14       card. I don't say this that often. I'm at Three  
15       Park Lane Boulevard, Dearborn, Michigan 48126, Suite  
16       950 West.

17              Q.       And what is your educational  
18       background, please?

19              A.       I'm a degreed chemical engineer from  
20       the University of Detroit, class of 1987.

21              Q.       And you said your position with Ford  
22       is that you are an environmental control engineer.  
23       How long have you been in that position?

24              A.       Since November of 1990.

1 Q. Okay. And would you also please  
2 describe your relationship with the Ford assembly  
3 plant here in Chicago?

4 A. I was working with the assembly plant  
5 for a period of -- November of 1990 through March  
6 2005, and I've recently had some responsibilities  
7 that have changed in my office, which have pulled me  
8 out of that assignment, but my day-to-day  
9 responsibilities was, I'd make daily contact with  
10 the plant, do some investigation with the plant,  
11 compliance tracking, leading -- permitting  
12 activities and planning new regulations.

13 Q. Okay.

14 A. And another one of the  
15 responsibilities was, I was very much involved in  
16 the development of these rules, the tail end of them  
17 as well.

18 Q. And does your responsibility at this  
19 plant include oversight or any kind of relationship  
20 with the operations of the Stage II system at the  
21 assembly plant?

22 A. Yes, it does, in terms of compliance,  
23 absolutely.

24 Q. Would you please describe how the



1 Stage II system at the Chicago assembly plant works,  
2 why a switch over to ORVR occurred, and why it's  
3 appropriate to -- sorry, it's a long question -- and  
4 why it's appropriate to cease operating the Stage II  
5 Vapor Recovery system?

6 A. Okay. The first thing you have to  
7 realize about the Stage II system at the Chicago  
8 assembly, it's not like the one mom-and-pop gas  
9 station. We have approximately a two to 300-yard  
10 run from a gasoline storage tank into the plant, and  
11 so the typical vapor recovery system that you have  
12 in place in the State of Illinois would be the  
13 displaced vapors, when you're fueling the vehicle,  
14 go back into the storage tank.

15 Here, because of the distance of  
16 not wanting to have volatilized gasoline being hiked  
17 through the plant, what we do is at the dispensers  
18 that run on the assembly line and actually go along  
19 the carriage along with the vehicle, as it's moving  
20 along the assembly line for approximately a minute,  
21 minute-and-a-half, the gasoline that is pumped in to  
22 the tank, and this is an initial fill, any displaced  
23 vapors or displaced air gets pumped out -- gets  
24 pulled out, drawn out and up into the Stage II

1 system and gets burned, and then we have an  
2 afterburn that's directly above it. Now, that is  
3 the way the system is designed to work as a Stage II  
4 system, and it worked very, very well before the  
5 onset of ORVR.

6                   When the onboard vapor recovery  
7 system came into place, which are carbon canisters  
8 that are placed inside of the vehicle, the displaced  
9 vapors in an ORVR system, the gasoline tank gets  
10 filled, and gasoline gets pulled through the carbon  
11 canister. The carbon canister absorbs the gasoline  
12 vapors, and it significantly reduces the amount of  
13 gasoline vapors that are offshot or come out during  
14 the fueling operation.

15                   When you have that situation  
16 occurring with both in place at the same time, as it  
17 was stated with Illinois EPA, these two systems  
18 begin to compete with each other, and you might lose  
19 efficiencies either way. Now, under the Clean Air  
20 Act, as Kathleen said, you're supposed to -- ORVR  
21 systems are at 95 percent efficient at a minimum.  
22 The Stage II system at Chicago assembly is  
23 95 percent efficient at a minimum. So they are  
24 equivalent and equally protecting of the

1 environment.

2 Q. Thank you. In our petition that we  
3 filed with the Board for this adjusted standard, we  
4 provided some information about the amount of  
5 controlled emissions that there are and the costs  
6 that are involved in this, but we provided it at an  
7 efficiency of 98 percent capture. Our request for  
8 adjusted standard is for efficiency of 95 percent  
9 capture, which is what the Clean Air Act requires,  
10 and is the minimum that Ford would, you know,  
11 achieve.

12 Why -- could you explain why we  
13 did, first of all, 98 percent -- provided the Board  
14 and the Agency with the 98 percent figures, and  
15 then, secondly, explain what the difference would be  
16 if we did 95 percent, what the difference in costs  
17 and emissions would?

18 A. Okay. The 98 percent basically was  
19 based on the vehicle system that is in place at  
20 Chicago assembly today, and that has been tested and  
21 approved through the USEPA methods or the carbon  
22 canister onboard vapor recovery. So when we  
23 originally did our calculations, we just looked at  
24 98 percent. We decided, though, after looking at

1 the rule again, the state rule that's in place  
2 today, being based 95 percent, and that's there's a  
3 minimum requirement of 95 percent in the federal  
4 statute for onboard vapor recovery systems that  
5 let's take it back to the equivalent level because  
6 there is a chance for variability in future models.  
7 We wanted to protect for the future to make sure  
8 that things are appropriate.

9 Q. Does this also provide you with a  
10 cushion of compliance?

11 A. Yes, it does. It can as well, and as  
12 could the variability of the vehicle systems in the  
13 future.

14 Q. Now, the cost, could you explain or  
15 describe what the cost would be for -- on an annual  
16 ton removed at 95 percent?

17 A. All right. I'll take you through, and  
18 this 95 percent, the math is the same way either way  
19 you look at it.

20 MS. BASSI: Could I have the -- you  
21 were bringing multiple copies. Mr. Halloran,  
22 we have some papers that we think would be  
23 useful for the Board to look at this  
24 95 percent, and I would like to offer it as

1 our hearing exhibit.

2 HEARING OFFICER: Okay.

3 MS. BASSI: Do you mark those or do  
4 we?

5 HEARING OFFICER: I Can. Well, let's  
6 just have the petitioner mark it. I'll just  
7 put Petitioner Exhibit No. 1, and I have a  
8 sticker here.

9 MS. BASSI: And here's a copy for the  
10 Agency, and these are all photocopies of the  
11 same document.

12 MR. HALLORAN: And you'll be laying a  
13 foundation?

14 MS. BASSI: Sure.

15 BY MS. BASSI:

16 Q. Mr. Baguzis, would you please describe  
17 what we call here attachment one?

18 A. Attachment one basically goes through  
19 and calculates on the upper half what the impacts of  
20 an ORVR system on a vehicle using standard, what  
21 they call, AP42 emission factors, which is an EPA  
22 document that you can use to calculate emissions for  
23 emission inventory.

24 Q. And did you prepare this document?

1 A. Yes, I prepared this document.

2 Q. And you said that the basis for your  
3 calculations is AP42?

4 A. Yes.

5 Q. And what about the costs that are  
6 included with this document, where do they come  
7 from?

8 A. That is an EPA document that has been  
9 used historically for assessing costs for control  
10 equipment.

11 Q. And can you tell me the name of that  
12 document?

13 A. Oh, that is entitled at the top Total  
14 Annual Cost Spreadsheet Program-Flares [1].

15 Q. And it looks like it's just that you  
16 plug in some numbers, and it spits out something, or  
17 did you have to put all those numbers in?

18 A. Some of those numbers were programmed  
19 in automatically by the EPA and -- because it's  
20 their program, but we had to put in cost numbers,  
21 the cost numbers for our equipment, as well as the  
22 emissions that have been reduced.

23 Q. So you provided the variables, and  
24 then the formula produced the answers?

1 A. That is correct.

2 MS. BASSI: Is there anything more?

3 HEARING OFFICER: That's fine.

4 Mr. Matoesian, do you have any objection?

5 MR. MATOESIAN: No, no objection.

6 HEARING OFFICER: Okay. I'm going to  
7 accept Petitioner's Exhibit No. 1 into  
8 evidence. It consists of a total of four  
9 pages. Thank you.

10 BY MS. BASSI:

11 Q. Okay. Would you please now explain  
12 how much it would cost to remove a ton of VOM from a  
13 new Stage II system?

14 A. Using the AP42 factors for fueling of  
15 a vehicle, and going through -- and taking a  
16 95 percent control factor for the ORVR that would  
17 leave -- the ORVR had a maximum capacity for max  
18 usage would reduce 20.54 tons of EOC a year. So  
19 that's what the benefit of the environment is using  
20 the ORVR system, and if we've not had ORVR at a  
21 Stage II system, that would be the same.

22 The second half of the page that  
23 we're looking at here is using a redundant Stage II  
24 Vapor Recovery system, which is what -- the

1 situation that we're looking at today. Using  
2 1.08 tons, which you could see above is the ORVR  
3 control VOM emissions, which would be what does not  
4 get captured by the ORVR system, and would be  
5 quote-unquote fugitive emissions, nowadays. You  
6 also have a 95 percent reduction on the Stage II  
7 system as is prescribed under the rule under the  
8 cart certification, and the controlled emissions of  
9 VOM after the Stage II system, would be projected  
10 at -- or I should say, estimated at .054 tons per  
11 year meaning you have 1.03 tons of VOM produced per  
12 year.

13 Now, if you go over to the  
14 spreadsheet, there's a lot of busy work at the very  
15 top of it, which is, you know, temperature, flow  
16 rate and all that sort of the stuff, but I want you  
17 to focus on the bottom half of the first page where  
18 they're talking about capital costs. The cost for  
19 us to put in a new flare, which is the control part  
20 of the Stage II system where the vapors are actually  
21 destroyed is about \$138,000, and as Kathleen said  
22 earlier, that is merely in its useful life. If you  
23 turn the page, you'll see transport piping costs and  
24 total equipment and taxes, all that sort of fun



1 stuff, and we come down to a total capital  
2 investment of about \$200,000. So that's how much it  
3 would cost our plant to go through and to get that  
4 taken care of and install a brand new system to  
5 control 1.03 additional tons. So using EPA's  
6 methodology for annualizing the cost, which would  
7 include the operation and the maintenance, plus  
8 spreading capital investment out over a ten-year  
9 period, we would come at cost effectiveness for  
10 this -- the total annualized cost, first, pardon me,  
11 is \$81,538, which is towards the bottom of the page,  
12 and as I stated earlier, we would potentially  
13 destroy an additional 1.03 tons, and so the cost  
14 effectiveness just by straight math is \$79,163 per  
15 ton reduced, which is an exorbitant sum to reduce a  
16 small amount of VOC.

17 MS. BASSI: When the Board compares  
18 this with the petition, you'll see that the  
19 number is different because of the percentage  
20 rate assumed in control in the first place,  
21 and I believe this is maybe half -- it's  
22 probably about half of what we had in the  
23 petition. Nevertheless, it's still quite a  
24 lot to remove a ton of VOM.

1 THE WITNESS: It's amazing what  
2 3 percent efficiency can do.

3 MS. BASSI: Okay. With your  
4 permission now, I would like to have  
5 Ms. Patel provide some direct examination  
6 with respect to section 28.1. In the Board's  
7 order, initial order, there was a notice  
8 that -- or an order that we provide specific  
9 information regarding the 28.1 factors, and  
10 Ms. Patel will provide.

11 HEARING OFFICER: Ms. Patel, you have  
12 the floor.

13 MS. PATEL: Good morning. Thank you.

14 HEARING OFFICER: Thank you.

15 MS. PATEL: I'm going to address 28.1  
16 and ask Mr. Baguzis questions about it.

17 E X A M I N A T I O N

18 BY MS. PATEL:

19 Q. Mr. Baguzis, addressing 281.1C1 of the  
20 Environmental Protection Act, could you please  
21 describe why the factors relating to Ford are  
22 substantially and significantly different from the  
23 factors relied upon by the Board in adopting the  
24 Stage II Vapor Recovery requirements?

1           A.       It was my understanding that when  
2 these rules were put back into place back in the  
3 early 1990s, and actually contemplated in the late  
4 1980s, there was no ORVR in existence at that time.  
5 I don't believe they were being contemplated at that  
6 time. So having the onboard vapor recovery systems  
7 not effective, Stage II was necessary, and as you  
8 can see by the calculations I presented, very  
9 effective. As you go -- as you move through time,  
10 the ORVR has been slowly phased in, and we are at  
11 100 percent of the Chicago assembly plant today on  
12 the ORVR systems. So it is -- the environment is  
13 substantially different today than it was when the  
14 rules were in place, and that we have an equivalent,  
15 if not better, working control device, I'll use the  
16 term, for controlling VOC vapors coming off of a  
17 refueling operation or an initial fuel operation in  
18 this case.

19           Q.       Thank you. Addressing 218.1C2, do the  
20 differences between fueling of vehicles of the  
21 Chicago assembly plant, since they're equipped with  
22 ORVR systems, and fueling at our sources subject to  
23 Stage II, justify an adjusted standard for Ford?

24           A.       Yes. It took me a second to register

1 that question. Yes, basically when you have an ORVR  
2 system and a Stage II system, as Illinois put in  
3 their information that they provided, there's a  
4 competition between the vapors. There is a suction  
5 fan on the Stage II system, which is pulling at  
6 vapors. You have a carbon canister, which is trying  
7 to receive the vapors. Now, as the system -- as the  
8 vapors go on up into the Stage II system, there has  
9 to be a certain amount of the gasoline vapors that  
10 will trigger the flame to actually go, and if  
11 there's not enough flame, it's designed to operate  
12 and to work in a manner that it will kick on when  
13 there is enough vapors for it to start to burn. If  
14 the vapor concentration is too low, diluted or what  
15 have you, because the ORVR system, you could be  
16 passing through gasoline vapors there.  
17 Additionally, there's a pilot light that's running  
18 all the time, which is burning and spraying natural  
19 gas, which is a nonrenewable resource, so...

20 Q. Thank you. The last question,  
21 addressing 28.1C3, will the use of the ORVR systems  
22 result in environmental or health affects  
23 substantially or significantly more adverse than the  
24 affects considered by the Board in adopting the

1 Stage II system?

2 A. No, it wouldn't because of the fact  
3 that it's equivalent technology. You have  
4 95 percent on one hand, you have 95 percent or  
5 better on the other hand for the ORVR system that's  
6 in place.

7 Q. Thank you.

8 MS. BASSI: Thank you. That concludes  
9 our testimony.

10 HEARING OFFICER: Thanks. I'll let --  
11 Mr. Matoesian, any questions of Mr. Baguzis.

12 MR. MATOESIAN: No.

13 HEARING OFFICER: Ms. Liu, you have a  
14 question?

15 E X A M I N A T I O N

16 BY MS. LIU:

17 Q. Good morning, Mr. Baguzis.

18 A. Good morning.

19 Q. I do have a couple of questions.

20 A. Okay.

21 Q. Some points of curiosity on the ORVR  
22 system. What is the expected life-span of the  
23 carbon canisters?

24 A. I'm not an expert in that field.

1 Leave it to the system -- the systems that are in  
2 place, they are brand new, being put on the vehicle.  
3 It's an initial fill, which means that the gasoline  
4 is put on the vehicle into a tank that hasn't had  
5 gasoline put in it before, and it fills for an about  
6 a minute-and-a-half, the cap is screwed back on, and  
7 off it goes. So the material is very clean and very  
8 efficient. From what I have been told the systems  
9 are supposed to stay with the lifetime of the  
10 vehicle and stay at that efficiency.

11 Q. Really?

12 MR. GREEN: If you let me say  
13 something for the record, I think title two  
14 of the Clean Air Act requires, I think the  
15 warranty on ORVR systems, I think it has to  
16 be either 100 or 102,000 miles for ten years,  
17 but we can supplement that for you.

18 MS. BASSI: Would you like Mr. Green  
19 to be sworn in?

20 MR. HALLORAN: Do you have anything  
21 else to say, Mr. Green?

22 MR. GREEN: No, sorry.

23 HEARING OFFICER: Okay. You can  
24 supplement the record or address that in your

1 post hearing brief. Thank you. Ms. Liu?

2 MS. BASSI: Okay.

3 BY MS. LIU:

4 Q. If a car exceeds the expected lifespan  
5 of 150,000 miles, does Ford give consideration of  
6 how the spec canisters will be handled --

7 A. I'm not an expert in that area. That  
8 is something that we can supplement for you.

9 Q. That would be interesting to know. It  
10 addresses how one pollutant goes from one form to  
11 another, being in the air to being now in a solid  
12 form in terms of carbon canisters.

13 A. I understand the question.

14 Q. Thank you. That's all.

15 HEARING OFFICER: Mr. Fox, any  
16 questions?

17 MR. FOX: None, thank you.

18 HEARING OFFICER: Mr. Matoesian, any  
19 follow-up questions or redirect?

20 MR. MATOESIAN: No.

21 HEARING OFFICER: Ms. Patel, any  
22 redirect?

23 MS. PATEL: No.

24 HEARING OFFICER: All right. Thank

1           you. I believe Ford has rested in its case  
2           in chief.

3                       MS. LIU: I do have one additional  
4           question that wasn't particular of  
5           Mr. Baguzis, but could I just address it --

6                       HEARING OFFICER: Okay. Now, we'll  
7           swear Mr. Green in. Just for the petitioner  
8           of Ford itself, or did you have a question  
9           for the IEPA, or you're not sure who?

10                      MS. LIU: The petitioner.

11                      HEARING OFFICER: Okay. We'll swear  
12           Mr. Green in, and he might be able to answer  
13           it.

14                      (Witness sworn.)

15                      HEARING OFFICER: Okay. Go ahead,  
16           Ms. Liu.

17                      MS. LIU: I apologize.

18                      HEARING OFFICER: Oh, no, no, that's  
19           okay.

20                      MS. LIU: I had a general question  
21           regarding your petition. You suggested some  
22           adjusted standard of wording, and the Agency  
23           has proposed an alternative. I was wondering  
24           if you were amenable to what the Agency had



1 proposed?

2 MS. BASSI: I did not notice that the  
3 Agency's proposal was different.

4 MR. MATOESIAN: I think it's  
5 essentially the same, Page 5.

6 MS. BASSI: Well, I understood that  
7 the Agency had proposed some conditions on  
8 the granting of it, but I don't see that the  
9 Agency proposed language.

10 MS. LIU: I guess I was referring to  
11 the conditions as well.

12 MS. BASSI: Yes, those conditions are  
13 acceptable.

14 MS. LIU: Thank you.

15 HEARING OFFICER: Anything further?

16 MS. LIU: (Indicating.)

17 HEARING OFFICER: Okay.

18 Mr. Matoesian?

19 MR. MATOESIAN: At this time Mr. Jerry  
20 Clark will give some testimony.

21 HEARING OFFICER: Mr. Clark, will you  
22 please raise your right hand, and Julia will  
23 swear you in, please.

24

1 (Witness sworn.)

2 MR. CLARK: Good morning, everyone.  
3 My name is Jerry Clark. I'm an environmental  
4 protection specialist for the Illinois EPA.  
5 I've been working for the Illinois EPA for  
6 almost 13 years. I have been responsible for  
7 the Stage I and Stage II Vapor Recovery  
8 program since 1998. The Stage II Vapor  
9 Recovery program is a requirement of section  
10 182(b)(3) of the 1990 Clean Air Act  
11 Amendments as well as in section 218.586 of  
12 the 35 Illinois administrative code.

13 The objective of my testimony is  
14 to highlight the relevant information of the  
15 Stage II Vapor Recovery program and the  
16 issues concerning ORVR. Both Stage II system  
17 and ORVR devices are capable of achieving  
18 95 percent reduction in volatile organic  
19 compounds, which I will call it VOCs, or you  
20 can call it VOM. They're both the same  
21 thing. Depending on what type of vapor  
22 recovery system it is, they do not work well  
23 functioning together as a whole. VOCs  
24 emissions actually increase as both systems

1 compete to capture the evaporated gasoline  
2 vapors during vehicle refueling. This  
3 competition of vapor capture leads to  
4 ingestion of unwanted air at the  
5 nozzle/vehicle fillpipe interface, which in  
6 turn, causes sudden growth in the tanks  
7 whether it's above ground or underground.  
8 The vapor growth alters the equilibrium  
9 inside the tank. When you have more air in  
10 it, more vapors start to grow. So it changes  
11 the pressure of the tank, and more vapors are  
12 forced to emit into the atmosphere in order  
13 to bring back the equilibrium.

14 Ford Motor Company is in a unique  
15 situation. Although, it has a fully  
16 operational Stage II Vapor Recovery System in  
17 its assembly plant, it dispenses a small  
18 amount of gasoline in all assembled vehicles  
19 already equipped with ORVR. Ford is aware  
20 that both types of systems are independently  
21 capable of reducing VOC emissions by  
22 95 percent, but it believes the ORVR method  
23 alone would be best served to control the  
24 vapors. Ford states that it would be

1           subjected to more costly repairs on its Stage  
2           II Vapor Recovery system, or have it replaced  
3           entirely if the Stage II system is no longer  
4           useful in capturing vapors.

5                         In conclusion, the Illinois EPA  
6           agrees and supports Ford's petition to seek  
7           an adjusted standard from the provisions of  
8           the section 218.586 of the Board's air  
9           pollution control regulations, as long as  
10          they comply by dispensing gasoline products  
11          in 100 percent of ORVR-equipped motor  
12          vehicles in their assembly plant.

13                        HEARING OFFICER: Thank you,  
14          Mr. Clark. Mr. Matoesian, any direct --  
15          follow-up questions.

16                        MR. MATOESIAN: No, sir.

17                        HEARING OFFICER: Thank you. Ms.  
18          Bassi?

19                        MS. BASSI: No, sir.

20                        HEARING OFFICER: Ms. Liu?

21                        MS. LIU: No, thank you.

22                        HEARING OFFICER: Mr. Fox?

23                        MR. FOX: No, thank you.

24                        HEARING OFFICER: I think that

1 finishes off Mr. Clark. Thank you,  
2 Mr. Clark. Mr. Matoesian, any further  
3 witnesses?

4 MR. MATOESIAN: No, sir.

5 HEARING OFFICER: So I guess you rest  
6 your case in chief?

7 MR. MATOESIAN: Yes, we do.

8 HEARING OFFICER: Ms. Bassi, any  
9 rebuttal?

10 MS. BASSI: No, sir.

11 HEARING OFFICER: Do we want to do  
12 closings, or do you want to reserve that for  
13 the post hearing briefs?

14 MS. BASSI: We can reserve it at that  
15 time. That's fine.

16 MR. MATOESIAN: Yeah.

17 HEARING OFFICER: Let's go off the  
18 record.

19 (Whereupon, a discussion  
20 was had off the record.)

21 HEARING OFFICER: Prior to the  
22 hearing, the parties were discussing when the  
23 transcript was due, post hearing briefs, et  
24 cetera. I think we figured out July 11th the

1 transcript will be ready pursuant to the  
2 contract, eight business days. I set  
3 July 25th as public comment due date. Ford's  
4 post hearing brief is due on or before July  
5 25th, 2005. The IEPA's post hearing briefs  
6 is due on or before August 8th, and Ford's  
7 reply, if any, is due on or before August  
8 15th.

9 Any questions or issues we need to  
10 discuss before we wrap this up? No? All  
11 right.

12 I do want to thank you all for  
13 your professionalism and civility, and it's  
14 been a pleasure, and have a great trip home  
15 back to Dearborn, Michigan. Thank you very  
16 much.

17 (Whereupon, there were no  
18 further proceedings had  
19 on this date.)  
20  
21  
22  
23  
24

1 STATE OF ILLINOIS )  
 ) SS  
2 COUNTY OF WILL )

3

4

5 JULIA A. BAUER, being first duly  
6 sworn on oath says that she is a court reporter  
7 doing business in the City of Chicago; that she  
8 reported in shorthand the proceedings given at the  
9 taking of said hearing and that the foregoing is a  
10 true and correct transcript of her shorthand notes  
11 so taken as aforesaid and contains all the  
12 proceedings given at said hearing.

13

14

15

16 JULIA A. BAUER, CSR  
29 South LaSalle Street, Suite 850  
Chicago, Illinois 60603  
17 License No.: 084-004543

18

19 SUBSCRIBED AND SWORN TO  
before me this 11th day  
20 of July, A.D., 2005.

21

Notary Public

22

23

24