

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

NORTHROP GRUMMAN SHIP
SYSTEMS, INC.

AI # 593

PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT
LA. R.S. 30:2001, ET SEQ.

* Settlement Tracking No.
* SA-MME-09-0051
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* Enforcement Tracking No.
* MM-CN-08-0019
*
* Docket No. 2008-10421-EQ
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SETTLEMENT

The following Settlement is hereby agreed to between Northrop Grumman Ship Systems, Inc. ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

I

Respondent is a corporation that owns and/or operates a shipyard facility located in Avondale, Jefferson Parish, Louisiana ("the Facility").

II

On September 17, 2008, the LDEQ issued to Respondent a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. MM-CN-08-0019, which was based upon the following findings of fact:

The Respondent owns and/or operates a shipyard known as the Main Yard located in Avondale, Jefferson Parish, Louisiana. The Respondent purchased the shipyard, which was at that time known as Avondale Industries Main Yard, from Litton Industries, Inc. on or about August 26,

2002. At that time National Pollutant Discharge Elimination System (NPDES) permit LA0000060 and Louisiana Pollutant Discharge Elimination System (LPDES) Multi-Sector General Permit for Storm Water Discharges Associated with Industrial Activities (MSGP) permit LAR05A270 were in effect. NPDES permit LA0000060 had been issued to Avondale Industries, Inc. on or about April 28, 2000, with an effective date of June 1, 2000, and an expiration date of October 31, 2002. Upon expiration, the NPDES permit LA0000060 was administratively extended by the Department. Under the terms and conditions of NPDES permit LA0000060, the Respondent was authorized to discharge compressor cooling water into the Mississippi River, Waterbody Segment Code No. 070301 of the Mississippi River Basin, waters of the state. The Respondent submitted a renewal application to the Department on or about May 1, 2002. The Department issued LPDES permit LA0000060 to the Respondent on or about December 10, 2004, with an effective date of January 1, 2005, and an expiration date of December 31, 2009. On or about August 18, 2006, the Department issued a modification of LPDES permit LA0000060 to the Respondent with an effective date of October 1, 2006, and an expiration date of December 31, 2009. Under the terms and conditions of LPDES permit LA0000060 the Respondent is authorized to discharge ballast water (including maintenance and dry dock), metal cooling/shrink water, building washdown water, air conditioner coil washdown, and non-contact cooling water to the Mississippi River, waters of the state. LPDES MSGP permit LAR05M191 had been issued to Avondale Industries, Inc. on or about May 21, 2001, with an effective date of May 1, 2001, and an expiration date of April 30, 2006. LPDES MSGP permit LAR05M191 was reissued to the Respondent on or about May 23, 2006, with an effective date of May 1, 2006, and an expiration date of April 30, 2011. Under the terms and conditions of LPDES MSGP permit LAR05M191 the Respondent is authorized to discharge storm water associated with industrial activities into the Mississippi River, waters of the state.

Inspections conducted by the Department on or about May 17, 2005, and November 13, 2007, revealed that the Respondent failed to maintain proper records. Specifically, the inspection conducted by the Department on or about May 17, 2005, revealed that the Respondent did not use logbooks to record calibration readings for the pH meter as required by LPDES permit LA0000060. The inspection conducted by the Department on or about November 13, 2007, revealed that the Respondent failed to document pH sample analysis times for Outfall 005 on the following sample dates: December 13, 2006, January 15, 2007, February 7, 2007, March 7, 2007, May 9, 2007, June 12, 2007, July 12, 2007, August 13, 2007, September 12, 2007, and October 10, 2007. The Respondent's failure to maintain proper records is in violation of LPDES permit LA0000060 (Part I, page 2 of 6, and Part III, Sections A.2 and C.3), La. R. S. 30:2076 (A)(3), LAC 33:IX.501.A, LAC 33:IX.2701.A, LAC 33:IX.2701.J.2, and LAC 33:IX.2701.J.3.

An inspection conducted by the Department on or about November 13, 2007, revealed that the Respondent failed to sample the Outfall 005 effluent for the month of April 2007. The Respondent's failure to sample is a violation of LPDES permit LA0000060 (Part I, page 2 of 6, and Part III, Sections A.2 and C.3), La. R.S. 30:2076 (A)(3), LAC 33:IX.501.A, and LAC 33:IX.2701.A.

An inspection conducted by the Department on or about November 13, 2007, revealed that the Respondent's 2006 Storm Water Pollution Prevention Plan (SWP3) was inadequate due to the following:

- The SWP3 annual Compliance Evaluation Summary Report did not summarize the scope of the inspection;
- The report did not include the location(s) of discharges of pollutants from the site;
- The report did not summarize the location(s) of Best Management Practices (BMPs) that needed to be maintained;

- The report did not summarize the location(s) of BMPs that failed to operate as designed or that have been proven inadequate for a particular location;
- The report did not summarize the location(s) where additional BMPs are needed that did not exist at the time of the inspection; and
- The report did not include a signed certification as required by LPDES MSGP permit LAR05M191.

Failure to provide an adequate SWP3 is a violation of LPDES MSGP permit LAR05M191 (Sections 4.9.2, 4.9.3, 4.9.4, and 4.11.1), La. R.S. 30:2076 (A)(3), LAC 33:IX.501.A, and LAC 33:IX.2701.A.

An inspection conducted by the Department on or about November 13, 2007, and subsequent file reviews conducted by the Department on or about April 16, 2008, and August 7, 2008, revealed that the Respondent exceeded an effluent limitation. The effluent exceedance as reported by the Respondent on the Discharge Monitoring Report (DMR) is summarized below:

Monthly Monitoring Period	Permit Number	Outfall	Parameter	Permit Limit	Reported Value
10/2007	LA0000060	005	Total Suspended Solids (Daily Max.) – mg/L	45.00	62.00

The effluent exceedance constitutes a violation of LPDES permit LA0000060 (Part I, Page 2 of 6 and Part III Section A.2), La. R.S. 30:2076(A)(1), La. R.S. 30:2076(A)(3), LAC 33:IX.501.A, LAC 33:IX.501.D, and LAC 33:IX.2701.A.

An inspection conducted by the Department on or about November 13, 2007, revealed that the Respondent's Spill Prevention Control (SPC) Plan dated May 2003 has not been reviewed or updated in a timely manner. Specifically, the SPC Plan has not been reviewed within three (3) years of its last update and has not been updated within three (3) years plus ninety (90) days as required by the Water Quality Regulations. The Facility was in the process of revising the SPC Plan at the time of the inspection. The inspection also revealed that the Respondent's SPC Plan did not contain the following required information:

- The identity, amount, and location of all substances meeting the applicability requirements of LAC 33:IX.903;
- A detail of facility capabilities and procedures for taking corrective actions and/or countermeasures when a spill event occurs;
- A prediction of the direction, rate of flow, and total quantity of applicable substances which could be spilled at the facility where experience indicates a reasonable potential for equipment failure and/or human error; and
- A designated person that is accountable for spill prevention and who reports to line management.

Failure to provide an adequate SPC Plan that is reviewed and updated in a timely manner is a violation of La. R.S. 30:2076(A)(3), LAC 33:IX.501.A, LAC 33:IX.905.A, LAC 33:IX.907.B.7, LAC 33:IX.907.B.8, LAC 33:IX.907.C, and LAC 33:IX.907.I.2.

File reviews conducted by the Department on or about May 27, 2008, and August 7, 2008 revealed that the Respondent exceeded effluent limitations. The effluent exceedances as reported by the Respondent on DMRs are summarized below:

Quarterly Monitoring Period	Permit Number	Outfall	Parameter	Permit Limit	Reported Value
1 st QTR 2007	LAR05M191	004	Total Suspended Solids – mg/L	100.00	274.00
3 rd QTR 2007	LAR05M191	004	Total Suspended Solids – mg/L	100.00	442.00

Each effluent exceedance constitutes a violation of LPDES MSGP permit LAR05M191 (Section 6.R.5), La. R.S. 30:2076(A)(1), La. R.S. 30:2076(A) (3), LAC 33:IX.501.A, LAC 33:IX.501.D, and LAC 33:IX.2701.A.

An inspection conducted by the Department on or about November 13, 2007, revealed the following solid waste violations:

- A. The Respondent failed to keep waste tires or waste tire material covered, in violation of LAC 33: VII.10519.H. Specifically, the Respondent failed to provide adequate cover for the approximately 75 to 100 waste tires in the facility yard. Standing water

was observed in some of these tires. This violation was addressed on November 13, 2007, when the tires were adequately covered.

- B. The Respondent caused and/or allowed the deposition of regulated solid waste without a permit and/or other authority from the Department in violation of La. R.S. 30:2155, LAC 33:VII.315.C. Specifically, the facility allowed the deposition of regulated solid waste onto their property which included the batture in an area under the wet dock that is subject to immersion during high river stages. The waste included, but was not limited to scrap metal, wire rope, welding leads, and hoses. This violation was addressed on or about December 4, 2007, when the site clean-up was completed.
- C. The Respondent caused and/or allowed regulated solid waste to be disposed of in such a manner that it entered the waters of the state in violation of LAC 33:VII.315.L. Specifically, the facility allowed the deposition of regulated solid waste onto their property which included the batture in an area under the wet dock that is subject to immersion during high river stages and thus into waters of the state. The waste included, but was not limited to scrap metal, wire rope, welding leads, and hoses. This violation was addressed on or about December 4, 2007, when the site clean-up was completed.

The following violations, although not cited in any enforcement action issued to the Respondent, are included herein and made a part of this settlement agreement.

A file review conducted by the Department on or about June 25, 2009, revealed that the Respondent exceeded effluent limitations. The effluent exceedances, as reported by the Respondent on the Discharge Monitoring Reports (DMRs) and Non-Compliance Reports (NCRs) are summarized below:

Monthly Monitoring Period	Permit Number	Outfall	Parameter	Permit Limit	Reported Value
08/2008	LA0000060	007A	Chemical Oxygen (Monthly Avg) – mg/L	200	364
			Chemical Oxygen (Monthly Avg) – mg/L	300	498
			Total Suspended Solids (Daily Max.) – mg/L	45	308
			Total Suspended Solids (Daily Max.) – mg/L	45	423

Each effluent exceedance is a violation of LPDES permit LA0000060 (Part I, Page 5 of 6 and Part III, Section A.2), La. R.S. 30:2076(A)(1), La. R.S. 30:2076(A)(3), LAC 33:IX.501.A, LAC 33:IX.501.D, and LAC 33:IX.2701.A.

III

In response to the Consolidated Compliance Order and Notice of Potential Penalty, Respondent made a timely request for a hearing.

IV

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

V

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the LDEQ agrees to accept, a payment in the amount of SEVEN THOUSAND AND NO/100 DOLLARS (\$7,000.00), of which Seven Hundred Eighty-Two and 21/100 Dollars (\$782.21) represents LDEQ's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to the LDEQ as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

VI

Respondent further agrees that the LDEQ may consider the inspection report(s), the Consolidated Compliance Order and Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the LDEQ against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VII

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the LDEQ to enforce this agreement.

VIII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the LDEQ considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Jefferson Parish, Louisiana. The advertisement, in form, wording, and size approved by the LDEQ, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted an original proof-of-publication affidavit and an original public notice to the LDEQ and, as of the date this Settlement is executed on behalf of the LDEQ, more than forty-five (45) days have elapsed since publication of the notice.

X

Payment is to be made within thirty (30) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the LDEQ. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department

of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

XI

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XII

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

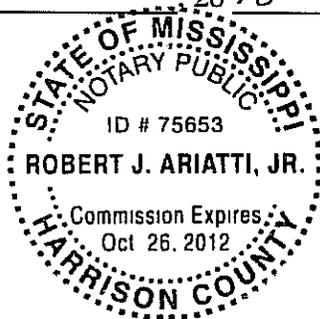
**NORTHROP GRUMMAN SHIP
SYSTEMS, INC.**

BY: Kevin B. Amis
(Signature)

Kevin B. Amis
(Print)

TITLE: VP Operations

THUS DONE AND SIGNED in duplicate original before me this 12th day of AUGUST, 20 10, at PASCAGOULA, MS.



Robert J. Ariatti, Jr.
NOTARY PUBLIC (ID # 75653)

ROBERT J. ARIATTI, JR.
(Print)

**LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY**

Peggy M. Hatch, Secretary

BY: Beau James Brock
Beau James Brock, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 23^d day of November, 20 10, at Baton Rouge, Louisiana.

Christopher A. Radcliff
NOTARY PUBLIC (ID # 10749 LB)

Christopher A. Radcliff
(Print)

Approved: Paul D. Miller
Paul D. Miller, P.E., Assistant Secretary