

FAQ FOR EXIDE/ 10.18.13

Q: What is the status of the suspension order issued in April 2013?

A: DTSC issued an administrative suspension order because it was concerned about the releases of hazardous waste and air emissions into the environment. However, a Los Angeles Superior Court judge overruled DTSC in June 2013 and ordered the facility reopened until an administrative hearing could be completed. When the completed administrative hearing was postponed, the same judge ordered Exide to court on Oct. 22, 2013, to explain why he should not lift his ruling that kept the facility open.

Q: What is the Stipulation and Order between Exide and DTSC, and what does that mean for me?

A: The Stipulation and Order resolves the administrative suspension order that DTSC issued against Exide in April 2013 and resolves a legal action that Exide filed against DTSC in June 2013. The Stipulation and Order sets out conditions that Exide must meet and timelines for completing them. It requires Exide to set aside \$7.7 million in a special fund for upgrading the storm water system, reducing arsenic emissions in the air, blood lead testing in the community and sampling dust and soil around the facility. It sets a sliding scale of fines up to \$10,000 per day if the conditions are not met. It means that Exide is being closely monitored, and the facility will be made safe or DTSC will shut it down again should the facility pose an imminent and substantial danger to public health and the environment. The Stipulation and Order addresses concerns additional to those posed in the earlier suspension order. The Stipulation and Order is separate from Exide's application for a permit, which will be decided on its own merits.

Q: What are the conditions in the Stipulation and Order?

A: Exide must complete the following by specific deadlines or face potential fines:

- Replacing a deteriorating and leaking underground pipe system

- Installation of air pollution control devices to reduce arsenic emissions
- Blood-lead level testing for nearby residents
- Dust and soil sampling around the facility.

Q: Are there provisions in the new Stipulation and Order that weren't included in the suspension order that temporarily closed the Vernon plant in April?

A: Yes, the original order did not require blood testing or the soil sampling. The data from those additional measures will help DTSC determine Exide's impact on the community, and help shape actions in the future. Those additional measures will provide important information to the community.

Q: How will Exide spend the \$7.7 million?

A: Under the Stipulation and Order, Exide is replacing a storm water system with a more advanced double-wall system at a cost of more than \$4 million by year end. About \$2.5 million will be devoted to reducing air emissions through the installation of more high-efficiency filters and furnace modifications. Additional funds also will pay for the voluntary blood testing of residents of Vernon and other nearby neighborhoods, and the soil and dust sampling outside the facility.

Q: How will blood-lead level testing and soil and dust sampling benefit the community?

A: The tests will provide more information regarding potential health and environmental impacts from the Exide facility. Higher lead levels in blood could be an indicator of a health risk. Those findings, combined with data from soil and dust sampling, will help determine if the facility is a source of contamination. That information will be helpful to DTSC in determining future steps.

Q: Since Exide filed for bankruptcy protection, what assurances are there that the company will pay for the work?

A: DTSC has ordered Exide to set aside \$7.7 million in a special account to make the required repairs and to conduct the blood, soil and dust sampling. Exide must obtain approval from the bankruptcy court to spend those funds. The bankruptcy court set a date of Nov. 5 to hear that matter. Assuming the bankruptcy court approves the expenditure, as long as the facility is operating, Exide must spend the \$7.7 million on facility upgrades specified in the Stipulation and Order.

Q: How else is the community and environment protected while the repairs/upgrades are being completed?

A: The Stipulation and Order does not prevent DTSC, South Coast Air Quality Management District or other agencies from exercising their authorities and taking additional measures.

Q: Can DTSC require Exide to spend more than \$7.7 million?

A: Yes, DTSC has enforcement tools available that can be utilized to require additional funds, including for purposes of conducting corrective action and closure of the facility.

Q: Why doesn't the Stipulation and Order include financial compensation for community members who suffered health impacts as a result of Exide's operations?

A: DTSC has no authority to require compensation for people who claim they were harmed by the facility's operations.

Q: What else is DTSC doing in relation to Exide's Vernon facility?

A: Exide operates under an interim status authorization, and DTSC is reviewing the company's application for a permit. As part of that review, DTSC could impose additional requirements that would force Exide to spend more money on upgrading the facility. In addition, Exide was

required to set aside \$10.9 million in a special fund to pay for any costs associated with closing the facility should that happen.

Q: What is the impact of Exide's bankruptcy case on DTSC's enforcement action, and what does it mean to the community?

A: DTSC is a creditor. The bankruptcy case is a federal legal proceeding initiated by Exide. The bankruptcy court set the Oct. 31 deadline for Exide, but Exide is seeking to extend the date to Jan. 31, 2014, for Exide creditors to submit proofs of claim, and in September approved Exide's motion to spend \$16 million on bonuses to Exide executives. As previously noted, the bankruptcy court must also approve the expenditure of funds set forth in the Stipulation and Order.