

## PENALTY EXERCISE SCENARIO

A power plant in Plume County that operates two 500 megawatt units is required by permit conditions to install in each of the two stacks a sulfur dioxide monitor and a continuous VE monitor. The permit also requires that the systems to be calibrated, operated, and all data be retained for two years for inspection by the Plume County Agency. The permit was issued on September 15, 2010, with a compliance date of January 1, 2011.

Due to previous problems at the plant, the operator of the plant had also agreed to hire a technician and dedicate and operate an existing laboratory for sample analysis, equipment maintenance and calibration. The costs associated with the new employee and laboratory operation were estimated at \$100,000.00 a year. The cost to purchase and install a VE and sulfur dioxide monitor is \$400,000.00 per stack. An inspection of the plant on September 1, 2011, revealed that the source had failed to install all the monitoring equipment as required. One stack was equipped with monitors on June 30, 2011, and the other stack was equipped on August 30, 2011. Due to a hiring freeze, the technician and laboratory operation will not be operational until after December 31, 2011. At the time of the inspection no data was available from the monitors since no one was available for calibration and operation of the monitors.

Your supervisor is preparing a consent order and on September 15, 2011, asked you for a recommendation for a penalty amount. Using the recommended penalty policy and calculation worksheet, please develop your recommendation.