



Warehouse and Distribution Center Fined \$3 Million for Anhydrous Ammonia Releases from its Industrial Refrigeration System

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On June 2, 2015, the [U.S. EPA and DOJ announced](#) a \$3 million dollar settlement with Millard Refrigerated Services, a company specializing in refrigeration and distribution services to retail, food service, and food distribution companies. The settlement resolves alleged violations of the [EPA's Risk Management Program](#), the Clean Air Act's [General Duty Clause](#), and CERCLA and EPCRA [release reporting requirements](#) stemming from three releases of the industrial refrigerant anhydrous ammonia from the facility's Mobile Marine Terminal in Alabama. Among the release incidents was an August 2010 release involving hospitalization and medical treatment of individuals who were offsite working on decontaminating ships in response to the 2010 oil spill in the Gulf of Mexico.

According to [EPA](#), "Millard failed to adequately address a well-known risk for ammonia production systems called hydraulic shock, which can cause catastrophic equipment failures. These failures can lead to hazardous releases of anhydrous ammonia. The company's failure to address this risk, in addition to other deficiencies in its production and safety systems, amounted to 37 distinct violations of the Clean Air Act's Risk Management Program and General Duty Clause. These requirements compel companies that store or use potentially-hazardous substances like ammonia to identify the hazards posed by their operation, design and maintain a safe facility, and minimize the consequences of any releases that might occur. The company's failure to immediately report a release of anhydrous ammonia above the reportable quantity to the National Response Center amounted to one CERCLA violation. The company's failure to immediately report a release of anhydrous ammonia to the local and state emergency planning commissions and to file a follow-up reports for two releases amounted to three EPCRA violations."

The [U.S. Chemical Safety Board](#) also conducted an investigation into the August 2010 release of anhydrous ammonia and issued a [Final Report in January 2015](#) that identified a number of lessons learned. For example, the CSB recommends that "In the event of an ammonia release that cannot be promptly isolated, activate the emergency shut-down switch to de-energize pumps, compressors and valves instead of attempting to isolate leaking equipment while the refrigeration system is running. Shutting down the equipment will stop the circulation of ammonia and limit the release of additional ammonia from components running upstream of failed equipment or piping."

EPA's and DOJ's recent RMP civil enforcement case comes on the heels of a April 6, 2015, [criminal guilty plea involving a Rhode Island chemical company](#) that failed to develop and implement a Risk Management Plan to minimize the chance of release of hydrofluoric acid from Mann Distribution LLC's Warwick distribution facility that will involve a \$200,000 fine.

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