

Record of Categorical Exclusion for

Decherd Electric Vehicle Motor Project

Nissan North America

Description of Proposed Action:

The Department of Energy (DOE) proposed action is to disburse Federal loan funds to Nissan North America (Nissan) to assemble electric vehicle (EV) motors by retooling and reequipping a portion of an existing automobile engine manufacturing plant in Decherd, Tennessee.

Nissan would have the capacity to produce up to 150,000 electric motors per year at the facility. Equipment for the EV Motor Project would be installed in the existing building using currently vacant floor space. The main equipment would consist of wire winding machines, magnetization/magnet insertion equipment, varnishing/hot press equipment, balancer station, and leak, final, and dynamometer test equipment.

Nissan's Decherd facility was originally constructed in 1995 and consisted of process areas designed to manufacture internal combustion engines and transaxle assemblies. In 2006, a forging operation opened, and an aluminum casting facility was added in 2008. In 2007, the transaxle assembly stopped production and all production equipment was removed. This former transaxle floor space provides the floor space for the EV Motor Project. The facility is located at 520 Warren Chapel Road in Decherd, TN.

The EV Motor Project will not require changes to the facility's support equipment. Nissan Utility Systems provides compressed air to all plants, chilled water for comfort cooling, and process cooling water to the Decherd facility. Nissan also operates a wastewater treatment system, which removes non-emulsified oils and greases from process wastewater prior to discharging to the City of Decherd's publicly-owned treatment works. There are no modifications or additions required to treat water from the EV motor assembly process. The EV motor assembly process would be powered by existing power within the facility.

The EV motor assembly operation would be installed within the confines of the existing facility and no additional building expansion would be required. Additionally, no new access roads would be required and there would be no new disturbances to outside areas for the new EV Motor Project.

The new EV motor assembly operation would produce air emissions and require a construction permit and an amendment to the facility's conditional major source permit. Pollution control equipment would be installed on the varnishing process so that hazardous air pollutant (HAP) emissions would remain below the major source threshold. The Decherd facility would maintain its status as a conditional major source. Increases in

water usage and wastewater discharge would be well within the capacity of the current system and would not require additional permits or permit modifications.

The EV Motor Project would generate hazardous wastes. The Decherd facility is currently a small-quantity generator of hazardous waste. The volume of hazardous waste generated from the assembly process is expected to be minimal and the Decherd facility would maintain its small-quantity generator status. Nissan maintains a comprehensive Hazardous Waste Contingency Plan, which documents and implements all emergency response measures required during a hazardous waste or hazardous constituent release. As part of Nissan's Green Program, Nissan is committed to reduce, reclaim and reuse waste streams to the maximum extent possible.

The project would create between 50 and 100 full-time positions. As the project would draw construction and operation workers from the existing local workforce, it would have minimal impacts on local housing, public services, and community infrastructure.

Funding would be provided from an existing DOE loan to Nissan made pursuant to Section 136 of the Energy Independence and Security Act of 2007, as amended, which provides for loans to eligible automobile manufacturers and component suppliers for projects that reequip, expand, and establish manufacturing facilities in the United States to produce light-duty vehicles and components that provide meaningful improvement in fuel economy, and for engineering integration costs associated with such projects.

Number and Title of Categorical Exclusion:

The actions that would be taken pursuant to the disbursement of loan funds for the Nissan EV Motor Project are consistent with and are covered by categorical exclusion B1.31 for the retooling and reequipping of the Nissan facility in Decherd, TN. The full text of the categorical exclusion is as follows:

B1.31, as provided in 10 CFR § 1021, Appendix B to Subpart D, Relocation of machinery and equipment, such as analytical laboratory apparatus, electronic hardware, maintenance equipment, and health and safety equipment, including minor construction necessary for removal and installation, where uses of the relocated items will be similar to their former uses and consistent with the general missions of the receiving structure.

Regulatory Requirements defined in 10 CFR § 1021.410 (b):

The proposed disbursement of loan funds and related actions described above were subjected to an environmental due diligence review by DOE Loan Programs Office (LPO) staff to ensure they are consistent with the specific categories of actions (categorical exclusions) contained in Appendix B of 10 CFR Part 1021 and the conditions for applying categorical exclusions specified in Section 410 of Part 1021. To ensure that the requirements of Appendix B were met, LPO Environmental Compliance Division staff reviewed the Supplemental Comprehensive Environmental Report submitted February 25, 2011, and information provided in email exchanges between LPO staff and Nissan representatives. In addition to the environmental documentation reviewed, conference calls with Nissan representatives were conducted to fully understand the scope of the activities being proposed. Also, a site visit by LPO Environmental Compliance Division staff to the Nissan facility in Decherd, TN, was conducted on June 16, 2011. The results of the environmental due diligence review produced the following findings:

- The proposed disbursement of loan funds does not threaten a violation of applicable statutory, regulatory or permit requirements for environmental, safety and health, including DOE and /or Executive Orders;
- The proposed project does not require siting, construction, or major expansion of waste storage, disposal, recovery, or treatment facilities;
- The proposed action is not a connected action as set forth in 40 CFR § 1508.25(a)(2)); and
- The proposed action is not part of a DOE proposal for which an EIS is being prepared and therefore a CE is not precluded by 40 CFR § 1506.1 or 10 CFR § 1021.211.

The environmental due diligence review also determined that the proposed project associated with the disbursement of loan funds does not adversely affect any environmentally sensitive resources, including the following:

- Property of historic, archaeological, or architectural significance designated by Federal, state, or local governments or property eligible for listing on the National Register of Historic Places;
- Federally-listed threatened or endangered species or their habitat (including critical habitat), Federally-proposed or candidate species or their habitat, or state-listed endangered species or their habitat;
- Wetlands regulated under the Clean Water Act (33 U.S.C. 1344) and floodplains; or
- Special sources of water (such as sole source aquifers, wellhead protection areas, and other water sources) that are vital in a region.

The Comment section below is provided for any necessary clarifications concerning the findings listed above. Signature by Nissan's designated representative in the Corporate Validation section is an indication of Nissan's concurrence with the findings and determinations presented above.

Comment: _____

Corporate Validation:

Name and Title (Print): Gary Edwards Date: 6-16-11
Director Deepend Power Trust

Signature: *Gary Edwards*

Determination:

Based on my review of information conveyed to me and in my possession concerning the proposed action, as NEPA Compliance Officer (as prescribed by DOE Order 451.1B), I have determined that the proposed disbursement of loan funds and associated actions involve no extraordinary circumstances (10 CFR 1021.410(b)) and fit within the specified categories of actions in Appendix B of 10 CFR 1021 described above, and are hereby categorically excluded from further review under the National Environmental Policy Act (42 USC 4321, as amended).

Matthew McMillen
Signature
Matthew McMillen
NEPA Compliance Officer
Loan Programs Office

6-20-11
Date