

Record of Categorical Exclusion for

Alcoa Tennessee Automotive Sheet Expansion Project

Description of Categorically Excluded Action:

The US Department of Energy (DOE) proposed action is to provide an Advanced Technology Vehicle Manufacturing program (ATVM) loan to Alcoa Inc., for expansion of Alcoa's Tennessee facility in Alcoa, Tennessee, in order to produce aluminum sheet for automotive applications. Alcoa has applied for a loan in response to the ATVM Loan Program established 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.

The Tennessee facility has been in operation since 1914, includes 125 acres currently under roof, and employs 923 workers. The proposed project is expected to generate approximately 500 construction jobs and 200 full-time new jobs.

The proposed project includes the installation of the following equipment needed to capture the expected volume of heat-treated automotive sheet:

- Additional melting furnace capacity and casting capability
- Motor cooling on the existing 120" Hot Reversing Mill
- New Hot Line shear
- Coolant filtration improvements at the 80" Hot Continuous Mill
- Upgrades of obsolete combustion control systems to allow restart of existing anneal furnaces
- New 2-Stand Tandem Cold Mill
- New Continuous Heat Treat Line
- Miscellaneous new utility systems, and coil and scrap handling equipment

The expansion project is expected to provide an additional 640 million pounds per year of cold rolling capacity intended for the automotive market, of which 300 million pounds per year can be heat treated.

New equipment and upgrades would be installed in existing buildings or previously disturbed areas within the existing fence line of the Tennessee facility's 1,600 acre site. In order to accommodate installation of the New 2-Stand Tandem Cold Mill and the New Continuous Heat Treat Line, buildings 816 and 818 respectively, would require "bump outs" totaling approximately 10 percent or less of each of the building's space under roof. Also, the project includes the addition of a cooling tower, realignment of East Perimeter Road around buildings 816 and 818, new pedestrian walkways for foot traffic, gate modifications, addition of chiller lines and a nitrogen tank for plant operations, and the

rerouting of various existing utilities to service the new plant processes. The area affected by project activities is approximately 16.3 acres of previously disturbed ground that contains no wetlands or other natural habitat. All necessary air and wastewater permitting for the project have been obtained or are currently under review by the issuing authority. Construction activities for the project began in Q2 2013, and all physical ground disturbance expected has now occurred.

Number and Title of Categorical Exclusion:

The actions that would be taken pursuant to the proposed ATVM loan for the Alcoa Automotive Sheet project are consistent with and are covered by DOE categorical exclusion B1.31 for installation or relocation of machinery and equipment. The full text of the categorical exclusion is as follows:

B1.31 Installation or Relocation of Machinery and Equipment

Installation or relocation and operation of machinery and equipment (including, but not limited to, laboratory equipment, electronic hardware, manufacturing machinery, maintenance equipment, and health and safety equipment), provided that uses of the installed or relocated items are consistent with the general missions of the receiving structure. Covered actions include modifications to an existing building, within or contiguous to a previously disturbed or developed area, that are necessary for equipment installation and relocation. Such modifications would not appreciably increase the footprint or height of the existing building or have the potential to cause significant changes to the type and magnitude of environmental impacts.

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

The proposed loan 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 category of actions (categorical exclusion) 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 (ECD) staff reviewed numerous project-related documents obtained between May 2013 and April 2014, and participated in several conference calls with Alcoa staff to ensure a complete understanding of the activities associated with the expansion project. In addition, ECD staff met with Alcoa staff and toured Alcoa's Davenport, Iowa, facility on February 26, 2014, which currently employs the same automotive sheet manufacturing process proposed for the Tennessee facility, and met with staff and observed the ongoing construction activities at the Alcoa, Tennessee, facility on March 7, 2014. The environmental due diligence review resulted in the following findings:

- The project does not threaten a violation of applicable statutory, regulatory or permit requirements for environmental, safety and health, including DOE and /or Executive Orders;

- The project does not require siting, construction, or major expansion of waste storage, disposal, recovery, or treatment facilities;
- The action is not a connected action as set forth in 40 CFR § 1508.25(a)(2)); and
- The action is not part of a DOE proposal for which an EIS is being prepared and therefore a categorical exclusion is not precluded by 40 CFR § 1506.1 or 10 CFR § 1021.211.

The environmental due diligence review also determined that the actions associated with the loan guarantee do 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 Alcoa's designated representative in the Corporate Validation section is an indication of Alcoa's concurrence with the findings and determinations presented above.

Comment: _____


Corporate Validation:

Name and Title (Print): KEN A. McMILLEN ALCOA TN LOCATION MGR.

Signature: *Ken A. McMillen* Date: 5/5/2014

Determination:

Based on my review of information conveyed to me and in my possession concerning the actions associated with the proposed ATVM loan described above, as NEPA Compliance Officer (as prescribed by DOE Order 451.1B), I have determined that the actions involve no extraordinary circumstances (10 CFR 1021.410(b)) and fit within the specified category of action 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).


Signature
Matthew McMillen
NEPA Compliance Officer
Loan Programs Office

5-6-14
Date