

Record of Categorical Exclusion for

Bright Plug-In Hybrid Electric Vehicle

Bright Automotive, Inc.

Description of Proposed Action:

The Department of Energy's (DOE's) proposed action is to issue a loan to Bright Automotive Inc., for the design, development and manufacture of the purpose-built, plug-in hybrid electric vehicle (PHEV) for use in commercial and government fleets. Assembly of the Bright PHEV would take place in an existing facility, [REDACTED] to assemble vehicles. Bright Automotive has applied for a loan in response to the Advanced Technology Vehicle Manufacturing (ATVM) Loan Program that was 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 Bright PHEV, a Class 1-2a van product called the IDEA, is designed to optimize platform physics, including light weight, aerodynamic body, low rolling resistance tires, and sustainable materials. In addition to being designed as a 100+ miles per gallon vehicle, the Bright PHEV is also expected to be able to return stored energy back to the electrical grid.

Assembly of the vehicle would take place in an [REDACTED] assembly plant, [REDACTED]. [REDACTED]. Bright proposes to use the DOE loan to retool and retrofit the existing [REDACTED] facility for the contract manufacture of the PHEV. Retooling would occur in three distinct production areas: 1) the vehicle body shop comprising approximately 150,000 square feet; 2) the paint shop comprising approximately 180,000 square feet; and 3) the PHEV final assembly area comprising approximately 270,000 square feet. All assembly components would be obtained from the automotive supply base community (existing vendors). Equipping of the facility is proposed to begin in late 2011 with completion in mid- to late 2012. Bright's production plan starts with 8,000 vehicles during Year 1, ramping up to 50,000 vehicles by Year 3.

[REDACTED] is a vehicle assembler that has been in business for several years and has all the necessary permits and authorizations to produce the Bright PHEV. [REDACTED]

[REDACTED]

The materials used for the Bright PHEV body, assembly and paint processes would be delivered to the facility by an outside vendor and stored either inside the building or in above-ground storage tanks (ASTs) in the facility tank farm and piped to the process areas. During the PHEV final assembly process, lithium ion batteries would be installed in the vehicle. Also during the PHEV final assembly, the vehicles would be filled with typical automotive fluids such as brake fluid, motor oil, windshield washer fluid, and similar materials. These materials are stored in ASTs located in the [REDACTED] tank farm, and piped to the paint shop. A Spill Prevention, Control, and Countermeasures (SPCC) Plan is in effect at the facility as required for the petroleum materials stored at the Site. The Bright production operations would not result in any new material storage that is not already covered by the facility's SPCC Plan. The municipal water supply would be used for potable water, process water, and final vehicle leak testing.

The [REDACTED] facility is permitted as a large quantity generator of hazardous waste under USEPA permit [REDACTED]. All solid waste (hazardous and nonhazardous) is transported to and disposed, treated, reclaimed for reuse or recycled off site at licensed treatment, storage and disposal facilities or landfills. The Bright production operations would not result in any new waste streams that are not already covered by the facility's Resource Conservation and Recovery Act permit.

The [REDACTED] facility has an industrial wastewater treatment plant (WWTP) on-site that is regulated by Pretreatment Permit No. [REDACTED] administered by the City of [REDACTED]. The WWTP treats separated industrial flows from the zinc phosphating and E-coating metal finishing associated with the paint shop processes. The paint shop operation produces detackified paint solids which are dewatered to produce nonhazardous paint sludge. The Bright production operations would not result in any new wastewater streams that are not already covered by the facility's Pretreatment Permit.

Air emission sources from the facility would include process-related emissions, employee vehicle emissions, and shipping/receiving truck emissions. Volatile organic compounds and hazardous air pollutants produced by facility operations are destroyed by a Recuperative Thermal Oxidizer at an efficiency rate of >95%, as required by the facility's Title V – Part 70 Air Permit [REDACTED]. The Bright production operations would not result in any new air emissions that are not already covered by the facility's Title V Permit.

At full production capacity, the [REDACTED] workforce is expected be over 550 people.

The engineering and vehicle integration work for the project is proposed to occur at a new Bright Automotive Headquarters and Tech Center located at 3851 West Hamlin Road in Rochester Hills, Michigan. The site is located in a commercial area of Rochester Hills zoned ORT - Office, Research, and Technology. The site building is a single-story

structure with approximately 49,000 square feet of office space and approximately 12,000 square feet of warehouse space. Surrounding property uses include light industrial businesses and offices. The site is accessed via Michigan State Highway 59. Operations at the Headquarters and Tech Center would involve office, management, and research & development related activities that are consistent with the existing use of the facility. No new environmentally-related permitting would be required. Direct employment for the Headquarters and Tech Center at full capacity is expected to be approximately 200 people.

Number and Title of Categorical Exclusion:

The actions that would be taken pursuant to the ATVM loan for the Bright PHEV are consistent with and are covered by categorical exclusions B1.31 for the retooling and reequipping of the [REDACTED] facility, and B5.1 for the engineering integration work that would be performed at the Rochester Hills facility in Michigan. The full text of the categorical exclusions 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.

B 5.1 as provided in 10 CFR § 1021, Appendix B to Subpart D, Actions to conserve energy, demonstrate potential energy conservation, and promote energy-efficiency that do not increase the indoor concentrations of potentially harmful substances. These actions may involve financial and technical assistance to individuals (such as builders, owners, consultants, designers), organizations (such as utilities), and state and local governments. Covered actions include, but are not limited to: programmed lowering of thermostat settings, placement of timers on hot water heaters, installation of solar hot water systems, installation of efficient lighting, improvements in generator efficiency and appliance efficiency ratings, development of energy-efficient manufacturing or industrial practices, and small-scale conservation and renewable energy research and development and pilot projects. The actions could involve building renovations or new structures in commercial, residential, agricultural, or industrial sectors. These actions do not include rulemakings, standard-settings, or proposed DOE legislation.

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

The proposed ATVM loan and related actions described above were subjected to an environmental due diligence review by ATVM 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, the Environmental Report in the original Bright Automotive ATVM application submitted 12-04-2008 was reviewed as well as supplemental environmental information submitted on 08-05-2009, 12-07-2009, 10-15-2010, 10-21-2010, and 12-21-2010. The extensive amount of information submitted by Bright reflects the project's evolution from the original proposal to build a new production facility in [REDACTED], to alternative sites including [REDACTED], to the final proposal to [REDACTED]. Thorough environmental analyses at each site for all stages of the project's evolution were conducted by Bright, including the final proposed [REDACTED]. In addition to the environmental documentation reviewed and numerous conference calls with Bright Automotive staff and their environmental contractors to fully understand the scope of the activities being proposed, a site visit by ATVM environmental compliance staff to the [REDACTED] was conducted on September 21, 2010. The results of the environmental due diligence review produced the following findings:

- The proposed loan 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 proposed loan project does not require siting, construction, or major expansion of waste storage, disposal, recovery, or treatment facilities;
- The proposed loan project does not disturb hazardous substance, pollutants, contaminants or CERCLA-excluding petroleum and natural gas products that pre-exist in the environment such that there would be uncontrolled or unpermitted releases;
- 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 ATVM loan 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;
- Federal-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 Corporate Validation below is an indication of Bright Automotive's concurrence with the findings and determinations presented above. The Comment section below is provided for any necessary clarifications.

Comment: None

Corporate Validation: David k. Lauzan
Name and Title (Print): EVP-Vehicle Programs Date: Jan 25, 2011
Signature: David K Lauzan

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 loan 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

1-28-2011
Date