

### Pollution Audit

The information herein has been extracted from a comprehensive pollution audit conducted by the undersigned on the Phillips Screw Company subsidiary Phillips Metallurgical, Inc. (PMI) and its subsidiary, Shell Cast Corp. (SCC). The audit included consideration of air, water, noise and solid waste effluents and consisted of engineering and economic segments. Preliminary technical equipment needs and costs were projected to provide management with parameters for determining the economic impact on the Company and its operations. Experience suggests that these preliminary cost estimates will prove to be within normally accepted deviation ranges.

Where required, effluent testing was conducted in accordance with standardized techniques applicable to the circumstances encountered at each site. For the business/economic analysis, not presented in the summary. Company financial data on PMI and SCC were provided and integrated with proposed abatement equipment capital and operating costs as estimated by the undersigned. Based upon our technical and economic analysis, the following significant conclusions have been drawn:

PMI has two effluent liabilities.

1. The plant exceeds Vermont air pollution standards – particulate emissions calculated at 7.0 lbs/hr compared to a maximum allowable level of 2.8 lbs/hr.

2. The plant exceeds Federal OSHA air contaminant standards – particulate concentration of at 25.2 mg/m<sup>3</sup> compared to a maximum allowable level of 10.0 mg/m<sup>3</sup>.

SCC has two effluent liabilities.

1. The plant exceeds Connecticut air pollution standards – particulate emissions calculated at 3.0 lbs/hr compared to a maximum allowable level of 1.53 lbs/hr.

2. The plant emits at the Federal OSHA air contaminant standard – particulate concentration of at 10.0 mg/m<sup>3</sup> compared to a maximum allowable level of 10 mg/m<sup>3</sup>.

No effluent liabilities in the areas of water, solid waste or noise pollution were observed.

Financial liabilities are as follows:

1. PMI to meet State and Federal air pollution standards requires a capital investment of \$32,500 and annual operating expenses of \$3,700.

2. SCC to meet State and Federal air pollution standards requires a capital investment of \$25,500 and annual operating expenses of \$3,200.

(These estimated costs are before tax and do not include amortization of capital equipment.)

In our opinion, expenditures of the levels cited for a remedial program of air pollution control will bring the current foundry operations into compliance with the respective State and Federal standards as they now exist. Furthermore, these expenditures are expected to provide sufficient margin to permit continued compliance in the event of any change in air pollution standards which we consider reasonably foreseeable.

Additionally, the nature and volume of solid waste effluents from current operations provide a sufficient margin for continued compliance in the event of reasonable changes to those standards.

Resource Planning Associates, Inc.

Cambridge, Mass.

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