



May 16, 2017

Kohler Co. appreciated the opportunity to speak with you about the Clay Ceramics Manufacturing National Emission Standards for Hazardous Air Pollutants (Clay MACT Rule). Below is a summary of Kohler's key concerns about the Clay MACT Rule and its impact.

1. Kohler Co. is the only sanitaryware company affected by the Clay MACT Rule. This rule puts us at a significant competitive disadvantage vis-à-vis foreign-owned competitors, including American Standard (owned by Lixil Group Corporation, Japan) and Toto (Japan).
2. Kohler is an American business in operation for 144 years, currently employing 1,700 associates at the three sanitaryware manufacturing facilities impacted by the Clay MACT Rule. *(9,000 total associates at these three locations)*
3. The Clay MACT Rule makes it cost-prohibitive for Kohler to expand its three existing sanitaryware facilities, which are regulated as "major sources" due to the co-location rule under the Clean Air Act. By contrast, foreign-owned competitors are not subject to the same compliance costs when operating their existing facilities, or when considering where to build and expand.
4. While it may not have been the intent of the EPA to single out Kohler, the rule does just that, with no measurable benefit to the environment as Kohler's sanitaryware facilities themselves are minor sources based on their emissions. The other co-located operations (such as the foundry in Kohler, WI) independently comply with all applicable clean air, water and other regulations and should not be used to penalize Kohler's sanitaryware operations.
5. Kohler has filed a legal challenge to EPA's methodology for using emissions data that was not representative of an existing sanitaryware kiln operating at the time of the Agency's rulemaking to set the MACT floor of the Clay MACT Rule.

Kohler believes the Clay MACT Rule meets President Trump's test of being unnecessary and burdensome, and it should be repealed. EPA could promulgate a rule consistent with the requirements under the Clean Air Act without unfairly singling out and penalizing a U.S. company, which provides good manufacturing jobs for thousands of Americans and contributes to our national economic growth. Alternatively, EPA could direct a staff member to work with our environmental team to find a way to make this rule workable.

Respectfully,

Kohler Co.