Record of Categorical Exclusion for

The MV-1
(formerly the WAVE – "Wheelchair Accessible Vehicle for Everyone")

The Vehicle Production Group LLC Loan Application for the MV-1

Description of Proposed Action:

The Department of Energy's (DOE) proposed action is to issue a loan to The Vehicle Production Group LLC (VPG) for an MV-1 vehicle, the assembly of which would take place in an existing facility, currently fully equipped to assemble vehicles. The Vehicle Production Group 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 MV-1 vehicle is designed to serve mobility impaired individuals. It would utilize an existing 4.6L engine and 4R75W transmission that Ford Motor Company currently installs in its Econoline Vans, and has in prior model years, installed on its Crown Victoria, and F-150. The Vehicle Production Group would manufacture both a gasoline fueled version of the MV-1 and a compressed natural gas (CNG) fueled version. The loan application is only for the production of the CNG fueled MV-1.

Assembly of the vehicle would take place in an existing assembly plant, located at 12900 McKinley Highway in Mishawaka, Indiana, owned and operated by AM General, LLC. The existing assembly plant is a 673,000-square-foot facility that sits on about 56 acres of property adjacent to other AM General facilities. AM General is a vehicle assembler that has been in business for several years and has all the necessary permits and authorizations to produce the MV-1. The Vehicle Production Group and AM General are parties to an Assembly and Services Agreement whereby AM General has agreed to assemble the MV-1 at AM General's existing facility. This existing facility has been used by other automotive manufacturers to assemble vehicles and is currently fully equipped to do so. AM General has been the manufacturer of the HUMVEE for the U.S. Military since 1985 and the Hummer H2 vehicle for GM.

The Vehicle Production Group would retool and re-equip the interior of this facility for the assembly of the MV-1 vehicle. In addition to the retooling and reequipping activities that would be conducted in the interior of the facility, minor trenching would be required to install a small diameter pipeline connection to an existing on-site gas line. AM

General would tap into the pipeline located approximately 150 feet from the assembly plant. The pipeline would provide the CNG needed to fuel the MV-1 so that it can be driven from the end of the assembly line.

The Vehicle Production Group and its vendors, including but not limited to AM General, do not plan to construct a new facility or expand their existing facilities and no future construction is anticipated.

AM General's existing Title V air permit, a general NPDES stormwater permit and an industrial pretreatment wastewater discharge permit would cover the project.

Fire Code permits may be required for some of the MV-1 retooling and reequipping activities (CNG-related equipment) at the AM General facility. As necessary, these permits would be obtained prior to the commencement of the retooling and reequipping.

The existing workforce would be used by AM General for the project.

The engineering and vehicle integration work for the project is currently being conducted in an existing facility owned by [redacted], a [redacted] corporation located in [redacted]. The fuel system engineering and powertrain calibration work is being conducted in an existing facility owned by [redacted], also in [redacted]. Durability and vehicle testing work is being conducted at the [redacted] located in [redacted]. The engineering integration work that would be performed for the MV-1 is consistent with ongoing operations at the existing facilities and does not require that the facilities acquire additional environmentally-related permits.

Number and Title of Categorical Exclusion:

The actions that would be taken pursuant to the ATVM loan are consistent with and are covered by categorical exclusions B1.31 for the retooling and reequipping of the AM General facility, and B5.1 for the engineering integration work that would be performed at [redacted]. The full text of the categorical exclusions are 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.
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> 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 submitted March 23, 2009 by the Vehicle Production Group LLC was reviewed, multiple teleconference calls with Vehicle Production Group representatives were held to fully understand the scope of the activities being proposed, and a site visit by ATVM staff to the AM General facility in Mishawaka was conducted on September 21, 2010. The results of the environmental due diligence review produced the following conclusions:

_X__ 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.

_X__ The proposed loan project does not require siting, construction, or major expansion of waste storage, disposal, recovery, or treatment facilities.

_X__ 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.

_X__ There are no extraordinary circumstances related to the proposed project that may affect its environmental significance.

_X__ The proposed action is not a connected action as set forth in 40 CFR § 1508.25(a)(2)).

_X__ 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 proposed loan project does not adversely affect any environmentally sensitive resources, including the following:

_X__ 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;

_X_ 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;

_X__ Wetlands regulated under the Clean Water Act (33 U.S.C. 1344) and floodplains;

_X___ Areas having a special designation such as Federally- and state-designated wilderness areas, national parks, national natural landmarks, wild and scenic rivers, state and Federal wildlife refuges, and marine sanctuaries;

_X__ Prime agricultural lands;

_X__ Special sources of water (such as sole source aquifers, wellhead protection areas, and other water sources that are vital in a region;

_X__ Tundra, coral reefs, or rain forests.

Comment:

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Corporate Validation

Name and Title (Print): MATHEW DEMARS PRESIDENT + COO Date: 9/21/2010

Signature: _____

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 CRR 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
Office of the Chief Financial Officer

9-23-10

Date