



STATE OF WASHINGTON  
**DEPARTMENT OF ECOLOGY**

PO Box 47600, Olympia, WA 98504-7600 • 360-407-6000

July 21, 2025

Richard Basset

Cosmo Specialty Fibers Inc  
1701 1st Street  
Cosmopolis, WA, 98537, United States

Re: Notice of Penalty

<b>Notice of Penalty Docket #</b>	23688
<b>Site Location</b>	1701 1st Street; Cosmopolis, WA, 98537, US
<b>EPA/State ID#</b>	WAN001020901
<b>Penalty Amount</b>	\$687,992.02
<b>Due Date</b>	Within 30 days after receiving this Notice of Penalty

The Department of Ecology (Ecology) has issued the enclosed Notice of Penalty to you for violating provisions of:

- Chapter 173-446 Washington Administrative Code (WAC) – Climate Commitment Act Program Rule
- Chapter 70A.65 Revised Code of Washington (RCW) – Climate Commitment Act

Please read the following enclosure(s):

- **Notice of Penalty:** Describes the violation(s) and the options for responding to the penalty.
- **News Release:** Ecology issues news releases for all major penalties and enforcement actions, including this one. A courtesy copy of the draft news release is included. If you have a comment or question, contact Ecology Brittny Goodsell at 360-280-3704 or [brittny.goodsell@ecy.wa.gov](mailto:brittny.goodsell@ecy.wa.gov).

If you have questions, please contact Derek Nixon at (360) 485-7594 or [dnix461@ECY.WA.GOV](mailto:dnix461@ECY.WA.GOV).

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**DEPARTMENT OF ECOLOGY**

PO Box 47600, Olympia, WA 98504-7600 • 360-407-6000

Sincerely,

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Joel Creswell  
Program Manager  
Climate Pollution Reduction Program  
Headquarters

Enclosures: Notice of Penalty Docket No. 23688

By Certified Mail: 6489 0090 0027 6340 6996 10

cc: Penalty Desk – Fiscal Office, Ecology  
Issuing Region Section Secretary  
Program Manager's Secretary

State of Washington  
Department of Ecology

In the Matter of Penalty Assessment Against  
COMSO SPECIALTY FIBERS INC  
Notice of Penalty Incurred and Due  
Docket # 23688

To: Richard Basset  
Cosmo Specialty Fibers Inc  
1701 1<sup>st</sup> Street  
Cosmopolis, WA, 98537, United States

The Department of Ecology (Ecology) has assessed a penalty against you in the amount of \$687,992.02 for violating provisions of:

- Chapter 173-446 Washington Administrative Code (WAC) – Climate Commitment Act Program Rule
- Chapter 70A.65 Revised Code of Washington (RCW) – Climate Commitment Act

This Notice of Penalty is in reference to the Notice of Violation, Docket # 23687 Ecology issued on June 11, 2025.

## 1. Findings of Fact

- On October 4, 2022 Cosmo Specialty Fibers Inc was ordered by Ecology to register with the Cap-and-Invest program as a covered entity by December 9, 2022.
- Cosmo Specialty Fibers Inc's 2023 covered emissions are 2,864 MT CO<sub>2</sub>e.
- Cosmo Specialty Fibers Inc's annual compliance obligation of 30% of its covered emissions for the previous calendar year was therefore 860 eligible compliance instruments pursuant to WAC 173-446-600(3). See RCW 70A.65.310.
- To meet its annual compliance obligation under WAC 173-446-600(3), Cosmo Specialty Fibers Inc was required to place sufficient eligible compliance instruments in its compliance account by 5:00 p.m. Pacific Time November 1st of 2024.
- At 5:00 p.m. Pacific Time November 1st of 2024 Cosmo Specialty Fibers Inc had a shortfall of 860 compliance instruments.
- Per WAC 173-446-610(1) and RCW 70A.65.200(2), on November 8, 2024, Cosmo Specialty Fibers Inc was ordered to submit to Ecology, within six months after the compliance deadline (5:00 pm November 1, 2024), four penalty allowances for every one eligible compliance instrument that Cosmo Specialty Fibers Inc failed to have in its compliance account by the compliance deadline. The total number of penalty

allowances Cosmo Specialty Fibers Inc was ordered to surrender by 5:00 pm (PT) May 1, 2025, was 3,440.

- Cosmo finished registration with the program on April 22, 2025—after a 5-month communication hiatus (from November 25, 2024 and April 8, 2025) in which Cosmo did not respond to Ecology’s notices or attempts to make contact. This means that Cosmo failed to complete registration with the program as required by RCW 70A.65.090(1) and to provide all necessary registration information to Ecology under WAC 173-446-050(5) and WAC 173-446-100(1) including making corporate association disclosures and designating account representatives. Cosmo was in violation of RCW 70A.65.090(1) and WAC 173-446-100(1) between December 9, 2022 and April 22, 2025—or for 865 days.
- At 5:00 p.m. Pacific Time May 1, 2025 Cosmo Specialty Fibers Inc had not surrendered any penalty allowances and continued to have a shortfall of 860 allowances relative to its 2023 obligation.

## 2. Determination of Violations

Ecology is basing this notice on the violations listed below:

### **Violation 1: Failure to provide sufficient compliance instruments by the CCA 2023 compliance event**

**Date(s) of violation:** November 1, 2024 to present

**Description:**

Entities covered by the Climate Commitment Act (CCA) include polluters who emitted over 25,000 metric tons of carbon dioxide equivalent (MT CO<sub>2</sub>e) per year during the baseline years, which go between 2015 and 2022 per WAC 173-446-030(1)(a). Ecology identified Cosmo Specialty Fibers Inc as a facility exceeding the covered emission threshold of 25,000 metric tons between 2015 and 2022 of carbon dioxide equivalent and thus as a covered entity under Washington’s Cap-and-Invest program. RCW 70A.65.080(1)(a); WAC 173-446-030(1)(a). Cosmo Specialty Fibers consistently reported between 488,000 and 606,000 MT CO<sub>2</sub>e annually between 2012 and 2022 (see figure 1). Therefore, Cosmo Specialty Fibers was required to participate in the Cap-and-Invest program pursuant to Ecology’s registration rules. RCW 70A.65.090(1).

As a covered entity under Washington’s Cap-and-Invest program during the first compliance period, Cosmo has a compliance obligation for its greenhouse gas (GHG) emissions during each year of that compliance period. RCW 70A.65.310. When a covered entity reports annual emissions from a facility below 25,000 MT CO<sub>2</sub>e during a compliance period, it continues to have a compliance obligation through that compliance period for all facility emissions. RCW

70A.65.080(4). During a compliance period, covered entities must annually submit a portion of their compliance obligation for the previous year. RCW 70A.65.310(1).

Because Cosmo reported emissions in excess of the coverage thresholds between 2015 and 2022, it was a covered entity as of the beginning of the first compliance period and remains covered through the end of the period. Although Cosmo closed operations late in 2022, the facility continues to emit greenhouse gases from an industrial waste landfill on site (landfills produce greenhouse gases primarily through the decomposition of organic waste). In 2023, Cosmo's reported landfill emissions were 2,864 MT CO<sub>2</sub>e. Therefore, Cosmo has a 2023 compliance obligation to submit 2,864 eligible compliance instruments.

By 5:00 p.m. Pacific Time November 1st of 2024, covered entities were required to transfer compliance instruments sufficient to cover 30 percent of their compliance obligation for emissions year 2023. RCW 70A.65.310(3); WAC 173-446-600(1), (3). Therefore, Cosmo Specialty Fibers should have transferred at least 860 eligible compliance instruments to its compliance account by 5:00 p.m. Pacific Time November 1st of 2024. At 5:00 p.m. Pacific Time November 1st of 2024, and as of the date of this notice, Cosmo Specialty Fibers Inc has a shortfall of 860 compliance instruments.

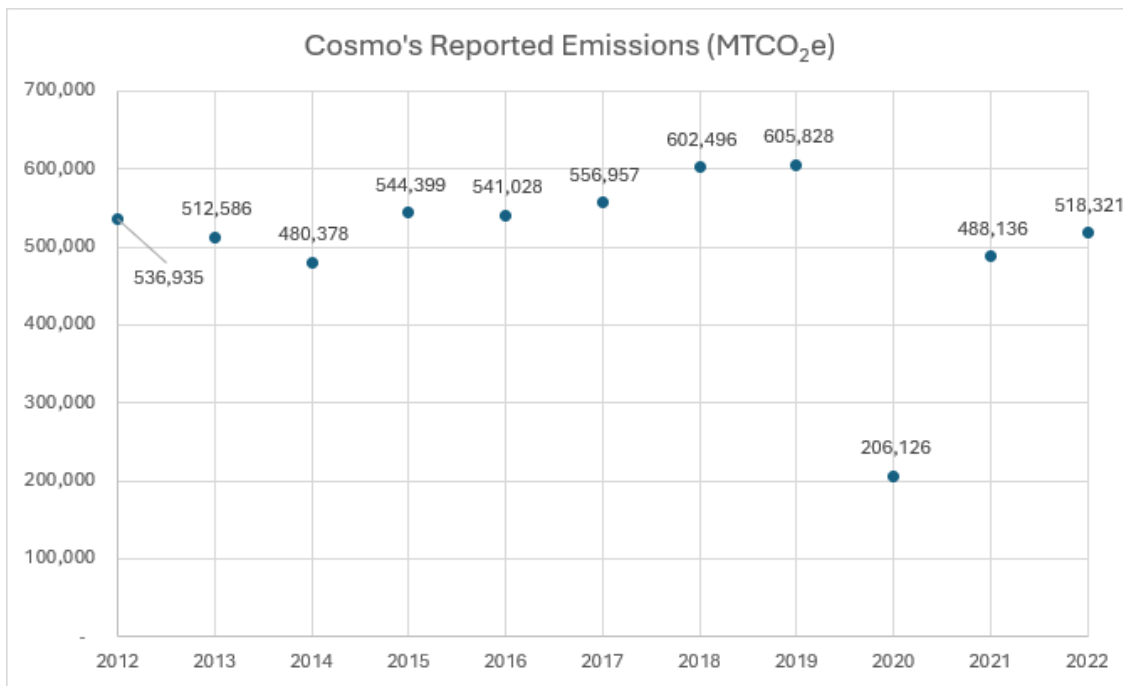


Figure 1: Cosmo's reported emissions 2019-2022. Source: data.wa.gov

**Rule citation:** WAC 173-446-600(1), (3)

**Law citation:** RCW 70A.65.200(1); RCW 70A.65.310(1)

## **Violation 2: Failure to submit penalty allowances by May 1, 2025**

**Date(s) of violation:** May 1, 2025 to present

### **Description:**

Ecology issued an order requiring Cosmo Specialty Fibers to submit 3,440 penalty allowances (four times Cosmo Specialty Fibers' missing 860 compliance instruments) by the compliance deadline. WAC 173-446-610(1). By 5:00 p.m. Pacific Time May 1st of 2025, covered entities that did not submit sufficient compliance instruments by the November 1, 2024 transfer date were required to submit four penalty allowances for every one compliance instrument that were missing. RCW 70A.65.200(2); WAC 173-446-610(1). At 5:00 p.m. Pacific Time May 1<sup>st</sup> of 2025, Cosmo Specialty Fibers had not submitted any penalty allowances. These penalty allowances remain outstanding.

**Rule citation:** WAC 173-446-610(1)

**Law citation:** RCW 70A.65.200(2)

### **3. Eligibility for Paperwork Violation Waiver and Opportunity to Correct**

Under RCW 34.05.110, small businesses are eligible for a waiver of a first-time paperwork violation and an opportunity to correct other violations.

Ecology has determined the violation(s) described in this Notice of Penalty are not paperwork violations under RCW 34.05.110 and therefore you are not eligible for a waiver for a first-time paperwork violation.

### **4. Options for Responding to a Notice of Penalty**

#### **Option 1: Pay the penalty within 30 days after receiving the Notice of Penalty.**

Make your payment payable to the Department of Ecology. Please include the penalty docket number on your payment.

#### **Mail payment to:**

Department of Ecology  
Cashiering Unit  
PO Box 47611  
Olympia, WA 98504-7611

Note: Ecology may take legal action to collect the penalty if you have not paid 30 days after receiving the Notice of Penalty, and have not appealed.

## **Option 2: Appeal to the PCHB and serve Ecology within 30 days after the date of receipt of the Notice of Penalty.**

You have a right to appeal this Notice to the Pollution Control Hearings Board (PCHB) within 30 days of the date of receipt. The appeal process is governed by RCW 43.21B and WAC 371-08. "Date of receipt" is defined in RCW 43.21B.001(2).

To appeal, you must do all of the following within 30 days of the date of receipt of this Notice:

- File your notice of appeal and a copy of this Notice with the PCHB (see filing information below). "Filing" means actual receipt by the PCHB during regular business hours as defined in WAC 371-08-305 and -335. "Notice of appeal" is defined in WAC 371-08-340.
- Serve a copy of your notice of appeal and this Notice on the Department of Ecology mail, in person, or by email (see addresses below).

You must also comply with other applicable requirements in RCW 43.21B and WAC 371-08.

## **5. Address and Location Information**

### **Filing with the PCHB**

For the most current information regarding filing with the PCHB, visit: <https://eluhho.wa.gov/> or call: 360-664-9160.

### **Service on Ecology**

#### **Street Addresses:**

Department of Ecology  
Attn: Appeals Processing Desk  
300 Desmond Drive SE  
Lacey, WA 98503

#### **Mailing Addresses:**

Department of Ecology  
Attn: Appeals Processing Desk  
PO Box 47608  
Olympia, WA 98504-7608

#### **E-Mail Address:**

[ecologyappeals@ecy.wa.gov](mailto:ecologyappeals@ecy.wa.gov)

## 6. Contact Information

Please direct all questions about this Notice of Penalty to:

Derek Nixon  
Department of Ecology  
300 Desmond Dr SE, Lacey, WA 98503

Phone: (360) 485-7594  
Email: dnix461@ECY.WA.GOV

## 7. Americans with Disabilities Act Information

### Accommodation Requests

To request ADA accommodation including materials in a format for the visually impaired, call Ecology at 360-407-7668 or visit <https://ecology.wa.gov/accessibility>. People with impaired hearing may call Washington Relay Service at 711. People with speech disability may call TTY at 877-833-6341.

## 8. More Information

- **Pollution Control Hearings Board**  
<https://www.eluho.wa.gov>
- **Chapter 43.21B RCW, Environmental and Land Use Hearings Office – Pollution Control Hearings Board**  
<https://app.leg.wa.gov/RCW/default.aspx?cite=43.21B>
- **Chapter 371-08 WAC – Practice and Procedure**  
<https://app.leg.wa.gov/WAC/default.aspx?cite=371-08>
- **Chapter 34.05 RCW – Administrative Procedure Act**  
<https://app.leg.wa.gov/RCW/default.aspx?cite=34.05>
- **Chapter 70A.15 RCW, Washington Clean Air Act**  
<https://app.leg.wa.gov/RCW/default.aspx?cite=70A.15>

## 9. Signature

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Joel Creswell  
Program Manager  
Climate Pollution Reduction Program

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Date

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July 21, 2025  
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Derek Nixon  
Section Manager  
Climate Pollution Reduction Program

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Date