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September 18, 2000

*Via Facsimile (904) 448-4366*Mr. Ernest Frey, Director  
Florida Department of Environmental Protection  
7825 Baymeadows Way  
Suite B200  
Jacksonville, Florida

Dear Mr. Frey:

It was a pleasure meeting with you and your staff today. We appreciate the time and effort that you have spent to help resolve the FRI VOC issue.

When you met with Terry Cole, Tim Atkinson, and me on September 6, 2000 you indicated a desire to resolve this matter by Consent Order. We indicated to you that we would call your assistant to set up a meeting in Jacksonville to discuss whatever steps were necessary to insure that the facility operated in compliance with all applicable requirements. That telephone call resulted in our meeting today.

As Florida Rock has continued to investigate the VOC issue, it became apparent that the problem of "compliance" is directly related to a permit limit derived from an emission factor reported in the literature as unreliable, which the company now knows has no significant relationship to its Newberry facility. This was related to you by Company representatives today.

A very similar situation was address by Consent Order in the case of City of Jacksonville Regulatory and Environmental Services Department, Air and Water Quality Division vs. Ameristeel Inc., in which DEP participated, and which Order was entered by Regulatory and Environmental Services Department, an approved local program pursuant to 403.182, Florida Statutes. I am faxing

Mr. Ernest Frey, Director  
Florida Department of Environmental Protection  
September 18, 2000  
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to you along with this letter a copy of that Consent Order, which I believe forms an appropriate model for the Department and Florida Rock to pursue. Please note that an interim VOC limit of 88.5 TPY was authorized, a number clearly above the PSD threshold for VOC's of 40 TPY. The interim number was to remain in effect until the Department of Environmental Protection took final agency action on Ameristeel's application to modify the construction permit limit, as Florida Rock has proposed to do in the instant case.

I know that you will give this your utmost consideration. Please do not hesitate to call me if you have any questions. We look forward to a speedy resolution of these issues.

Sincerely,

*Segundo J. Fernandez by: bmg*  
Segundo J. Fernandez  
and Timothy P. Atkinson

SJF:bmg

Enclosure

cc: Al Linero - FDEP  
Larry Morgan - FDEP  
Howard Rhodes - FDEP

K 000

REGULATORY & ENVIRONMENTAL SERVICES DEPARTMENT Office Of The Director



BEFORE THE ENVIRONMENTAL PROTECTION BOARD CITY OF JACKSONVILLE

CITY OF JACKSONVILLE REGULATORY AND ENVIRONMENTAL SERVICES DEPARTMENT, AIR AND WATER QUALITY DIVISION, Petitioner, vs. AMERISTEEL, INC., Respondent.

CITATION AP-97-08 REGARDING EXCEEDANCES OF EMISSION LIMITING STANDARDS

CONSENT ORDER

This Consent Order is made and entered into between the City of Jacksonville, Regulatory and Environmental Services Department (RESD) and AmeriSteel, Inc. ("AmeriSteel").

- 1. RESD, through its Air and Water Quality Division (AWQD), administers an approved local program under Section 403.182(8), Florida Statutes, authorized under Chapter 65-1474, Special Acts of 1965 and Chapter 67-1320, Laws of Florida, and an April 19, 1994 Specific Operating Agreement with the State of Florida Department of Environmental Protection (DEP) to enforce air permitting requirements in Duval County, Florida.
2. DEP is the administrative agency of the State of Florida with powers and duties to protect Florida's air and water resources and to administer and enforce Chapter 403, Florida Statutes, and the rules promulgated thereunder, as set forth in Chapter 62, Florida Administrative Code (FAC).
3. AmeriSteel is a Florida corporation that has its principal place of business in Tampa, Florida. AmeriSteel owns and operates the Baldwin Mill in Duval County, Florida. The Baldwin Mill manufactures steel reinforced bars used in construction (known as "rebar") and steel rod products from scrap metal products. AmeriSteel is currently doing business in the State of Florida and is a person within the meaning of Section 403.031(5), Florida Statutes.



421 West Church Street - Suite 412 Jacksonville, Florida 32202-4111

Area Code 904/630-8662

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4. On June 28, 1995, DEP issued Permit No. AC 16-259246 to AmeriSteel authorizing AmeriSteel to make certain modifications to the Baldwin Mill. Originally set to expire on July 1, 1996, the construction permit has been extended and remains in effect pending agency consideration of the facility's application for a Title V air operation permit pursuant to Rule 62-213.420(1)(a)(b), FAC. In Specific Condition Nos. 5 and 6 of the construction permit, emission limitations for various pollutants were established, with specific numerical emission rates separately assigned to the baghouse 1-2 and baghouse 3-4 emission points.

5. The Baldwin Mill electric arc furnace's (EAF's) melt shop emissions are captured and ultimately released via two separate systems: baghouse 1-2 and baghouse 3-4. The baghouse systems are designed to reduce emissions of particulate matter. In AmeriSteel's application for the June 28, 1995 permit, the expected air emissions through each system were estimated as a basis for air modelling analysis. In that respect, homogenous emissions from each system were assumed and the resulting mass emissions rates were assigned equally to each baghouse system on the basis of the predicted air flow rates in the prospective control system configurations. After initial operations were undertaken, it became apparent that the air flow rates were distinguishable for each baghouse system, with the majority of carbon monoxide (CO), nitrogen oxides (NO<sub>x</sub>), and volatile organic compounds (VOCs) air emissions being released via baghouse 1-2 system. Upon investigation, AmeriSteel determined that this result was attributable to additional compartments being added to that baghouse system, operation of the mill's EAF under negative pressure, and improved duct work. Although the enhanced airflow to the baghouse 1-2 system resulted in elevated levels of CO, NO<sub>x</sub>, and VOCs from the baghouse 1-2 system, there were correspondingly decreased emission levels from the baghouse 3-4 system. The modelling analysis submitted with the original application was not materially affected by the enhanced air flow from the baghouse 1-2 system.

6. The VOC emissions limitation in the referenced permit was based on an assumed emission rate of 0.12 lbs/ton, which upon investigation was unrealistically too low. EPA's AIRS Emission Factor Listing for Criteria Pollutants (EPA 450/4-90-003) specifies an EAF emission factor of 0.35 lbs/ton for VOC. Moreover, EAF steel plants listed in the BACT clearinghouse as having VOC emission rate limitations lower than 0.35 lbs VOC/ton all manufacture rolled sheet steel, which requires a different grade of scrap metal with inherently distinguishable emission consequences. No EAF facility which, like the Baldwin Mill, produces rebar and rod products, has demonstrated the capability of complying with a VOC emission rate in the range of 0.12 lbs/ton.

7. In December, 1996, AmeriSteel voluntarily informed both RESD and DEP of the anomalous permit conditions and requested that compliance demonstration requirements be delayed until the referenced construction permit conditions could be amended.

8. By letter dated January 8, 1997, RESD granted AmeriSteel's request for an extension of the date for compliance testing.

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9. By letter dated January 10, 1997, DEP requested that AmeriSteel submit a formal application for a permit modification. Subsequently, in a pre-application meeting, DEP informed AmeriSteel that compliance test data must be included in the permit application in order to verify that continuous compliance at currently permitted levels is infeasible and to properly establish adjusted emission limitations.

10. Accordingly, the compliance test was performed at the Baldwin Mill on March 25 and 26, 1997. The test results indicated that NO<sub>x</sub> levels from the baghouse 1-2 system exceeded the permitted levels, although total NO<sub>x</sub> emitted from baghouse 1-2 and 3-4 was below the combined limit for the two emission points. Also, as expected, VOC emissions higher than the permitted limits were measured. On July 24, 1997, a subsequent compliance test demonstrated compliance with the NO<sub>x</sub> emission limitations.

11. On May 7, 1997, AmeriSteel filed with DEP an application for adjusted CO, NO<sub>x</sub>, and VOC emission limits in the referenced construction permit, and is currently awaiting final agency action on that application.

12. On July 24, 1997, RESD issued Cease and Desist Citation No. AP-97-08 alleging NO<sub>x</sub> and VOC emission limitation violations during the March 25-26, 1997 compliance tests.

13. Without admitting that its conduct constitutes a violation of law, AmeriSteel acknowledges that measured emissions of NO<sub>x</sub> and VOC have been higher than the specific emission limitations set forth in the referenced permit.

14. Representatives of AmeriSteel and RESD have met in an effort to resolve their disputes as to air compliance issues and any alleged violations of Chapter 403, Florida Statutes, or Jacksonville laws and regulations. The parties have agreed to enter into this Consent Order in order to expeditiously address compliance issues without litigation and its attendant costs, delays, and risks.

Having reached a resolution of this matter, the parties agree, and it is

**ORDERED:**

15. Effective on the date this Consent Order is acknowledged and filed, AmeriSteel shall be authorized to operate its EAF in accordance with the conditions of DEP Permit No. AC16-259246, and the following:

Emissions from baghouse 1-2 and 3-4, collectively, shall not exceed any of the following limits:

- A. Nitrogen Oxides (as NO<sub>x</sub>) - 0.33 lbs/ton steel, 24.7 lbs/hr and 98.7 TPY.
- B. Carbon Monoxide (CO) - 3 lbs/ton steel, 225.2 lbs/hr and 900.8 TPY.

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Consent Order - Citation AP-97-08  
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C. Volatile Organic Compounds (VOC) - 0.295 lbs/ton steel, 22.1 lbs/hr and 88.5 TPY.

This condition of the Consent Order will remain in effect until DEP takes final agency action on the pending application for modification.

16. AmeriSteel shall pay a settlement of \$54,080 within 30 days after execution of this Consent Order and approval of this agreement by the City of Jacksonville Environmental Protection Board. The check shall be made payable to the City of Jacksonville Environmental Protection Fund and mailed to RESD.

17. This Consent Order fully resolves all issues raised in the Cease and Desist Citation regarding the matters addressed herein. RESD reserves the right to take appropriate enforcement action against AmeriSteel for any future violation of the Department's rules or permit conditions. AmeriSteel reserves its right to contest any such enforcement action in accordance with applicable law.

18. The terms and conditions set forth in this Consent Order may be enforced in a court of competent jurisdiction pursuant to Sections 120.69 and 403.121, Florida Statutes. AmeriSteel's failure to comply with the terms of this Consent Order will constitute a violation of Section 403.161(1)(b), Florida Statutes.

19. A violation of the terms of this Consent Order may subject AmeriSteel to judicial imposition of civil penalties of up to \$10,000 per violation per day.

20. In consideration of the complete and timely performance by AmeriSteel of the obligations agreed to in this Consent Order, RESD waives any right to seek judicial imposition of additional penalties. AmeriSteel waives its right to an administrative hearing pursuant to Section 120.57(1), Florida Statutes, regarding the terms of this Consent Order. AmeriSteel also waives its right to appeal the terms of this Consent Order.

21. The execution of this Consent Order does not obligate RESD to issue a permit for any facility that does not comply with all applicable statutes, rules and regulations. Furthermore, the execution of this Consent Order does not constitute a waiver by AmeriSteel of its right to request a formal administrative hearing or to take all appropriate appeals necessary to challenge DEP's denial of any permit or imposition of any specific permit conditions contained in any permits issued by DEP, other than the conditions contained in Paragraph 15 of this Consent Order.

22. No modification of the terms of this Consent Order will become effective until it is reduced to writing and executed by all parties.

AmeriSteel, Inc.  
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23. The provisions of this Consent Order shall apply to and be binding upon the parties, their officers, directors, agents, servants, employees, successors, and assigns and all persons, firms and corporations acting under, through or for them and upon those persons, firms, and corporations in active concert or participation with them.

24. Entry of this Consent Order does not relieve AmeriSteel of the need to comply with applicable federal, state or local laws, regulations or ordinances.

CITY OF JACKSONVILLE  
REGULATORY AND ENVIRONMENTAL SERVICES

11/21/07  
Date

*Daniel W. Haskell*  
Daniel W. Haskell, Director

AMERISTEEL, INC.

9-26-97  
Date

*Dennie J. Andrew*  
Dennie J. Andrew  
Vice President/General Manager

ORDER

I hereby certify that the foregoing document was adopted by order of the Environmental Protection Board of the City of Jacksonville this 19th day of November, 1997.

*Barbara Broward*  
Barbara Broward, Chairman  
Environmental Protection Board

**BEFORE THE ENVIRONMENTAL PROTECTION BOARD  
CITY OF JACKSONVILLE**

**CITY OF JACKSONVILLE  
REGULATORY AND ENVIRONMENTAL  
SERVICES DEPARTMENT,  
AIR AND WATER QUALITY DIVISION,**

Petitioner,

vs.

**CITATION AP-97-08**

**AMERISTEEL CORPORATION,**

Respondent.

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**AMENDMENT TO CONSENT ORDER**

This is an amendment to the Consent Order ("Consent Order") that was made and entered into on November 19, 1997, between the City of Jacksonville, Regulatory and Environmental Services Department ("RESD"), and AmeriSteel Corporation ("AmeriSteel") concerning RESD Citation AP-97-08.

1. AmeriSteel wants to conduct a research project at the steel mill ("Mill") that AmeriSteel owns and operates in Baldwin, Florida. Specifically, AmeriSteel wants to measure the emissions of volatile organic compounds ("VOCs") at the Baldwin Mill by performing stack testing over a prolonged period. Some of the tests will be used to measure the VOC emissions at the Baldwin Mill during normal operations. Other tests will be used to determine whether the Mill's VOC emissions are affected by changes in operating conditions.

2. The VOC emissions data collected by AmeriSteel will be incorporated into an application for a modification to the Prevention of Significant Deterioration ("PSD") permit for the Baldwin Mill. The test data should help RESD, the Florida Department of Environmental Protection ("DEP"), and AmeriSteel establish an appropriate VOC emissions factor for the Baldwin Mill based on a sound emissions database. The test data also should help RESD, DEP, and AmeriSteel with their analyses of the Best Available Control Technology ("BACT") for the Mill.

3. There is very little scientific information available concerning the exact sources, precise quantities, and statistical variability of VOCs emitted from electric arc furnaces. There also is very little information available concerning the VOC emissions from the electric arc furnace at AmeriSteel's Baldwin Mill. Consequently, AmeriSteel's proposal to voluntarily perform an



extensive testing program at the Baldwin Mill is in the public interest. Although it is possible that the testing program may result in temporary exceedances of the emission limits contained in the Consent Order, the testing program is not expected to cause or contribute to any exceedances of any ambient air quality standards or PSD Class I or Class II increments.

4. On March 13, 1998, AmeriSteel submitted a written request for RESD's approval to conduct the testing program. On March 16, 1998, the RESD Air and Water Quality Division approved AmeriSteel's request pursuant to Section 403.061(18), Florida Statutes. However, RESD's approval states that the Environmental Protection Board must approve an amendment to the Consent Order before AmeriSteel proceeds with its project.

**WHEREFORE, it is hereby ORDERED:**

5. The emissions limits of the Consent Order are temporarily suspended during research testing only while AmeriSteel performs an RESD-approved research and testing project concerning VOC emissions from the Mill, subject to the following conditions:

- (a) the testing program shall be performed in a manner that is consistent with the description contained in AmeriSteel's letter dated March 13, 1998 to RESD (which is hereby incorporated by reference);
- (b) the protocol for the testing program shall be provided to RESD for its review within 30 days after the effective date of this amendment to the Consent Order;
- (c) AmeriSteel shall commence the testing within 30 days after RESD approves the test protocol;
- (d) research tests shall be conducted for no more than 15 separate days; and
- (e) the test results shall be provided to RESD within 60 days after the completion of the test program.

6. The test data shall be used by AmeriSteel to prepare promptly an application for a modification of the PSD permit for the Baldwin Mill. The application for a permit modification shall be submitted to DEP and RESD no more than 120 days after the test results are submitted to RESD.

7. The emissions data collected by AmeriSteel during its research testing may be used for scientific purposes, but shall not be used by RESD as the basis for an enforcement action against AmeriSteel for violations of the terms of the Consent Order.

8. This amendment to this Consent Order shall be effective when executed by the Chair of

the Environmental Protection Board.

9. The other provisions and limitations in the Consent Order are incorporated herein by reference and shall remain in effect.

**CITY OF JACKSONVILLE  
REGULATORY AND ENVIRONMENTAL SERVICES DEPARTMENT**

Date

5/12/98

  
Daniel W. Haskell, Director

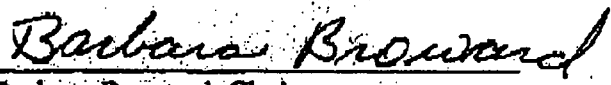
**AMERISTEEL CORPORATION**

Date

Donald R. Schumake  
Vice President/General Manager

**ORDER**

I hereby certify that the foregoing document was adopted by order of the Environmental Protection Board of the City of Jacksonville this 11th day of May, 1998.

  
Barbara Broward, Chair  
Environmental Protection Board

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the Environmental Protection Board.

9. The other provisions and limitations in the Consent Order are incorporated herein by reference and shall remain in effect.

**CITY OF JACKSONVILLE  
REGULATORY AND ENVIRONMENTAL SERVICES DEPARTMENT**

Date

Daniel W. Haskell, Director

**AMERISTEEL CORPORATION**

5-11-98

*Donald R. Schumake*

Date of Adoption of Consent Order

Donald R. Schumake  
Vice President/General Manager

The other provisions and limitations in the Consent Order are incorporated herein by reference and shall remain in effect.

Signature

CITY OF JACKSONVILLE

REGULATORY AND ENVIRONMENTAL SERVICES DEPARTMENT

**ORDER**

I hereby certify that the foregoing document was adopted by order of the Environmental Protection Board of the City of Jacksonville this \_\_\_\_\_ day of \_\_\_\_\_, 1998.

Barbara Broward, Chair  
Environmental Protection Board

*Barbara Broward*