



Jeb Bush  
Governor

# Department of Environmental Protection

Twin Towers Office Building  
2600 Blair Stone Road  
Tallahassee, Florida 32399-2400

David B. Struhs  
Secretary

September 27, 2002

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. James O. Vick  
Manager, Environmental Affairs  
Gulf Power Company  
One Energy Place  
Pensacola, Florida 32520-0328

Re: DEP File No. 0050014-005-AC  
Lansing Smith Generating Plant  
Unit 2 Waterwall Tube Replacement Project

Dear Mr. Vick:

Enclosed is one copy of the Draft Permit and the Technical Evaluation and Preliminary Determination for the waterwall replacement project for Unit 2 at the Lansing Smith Generating Plant in Bay County. The Department's Intent to Issue Air Construction Permit and the "Public Notice of Intent to Issue Air Construction Permit" are also included.

The Public Notice must be published one time only as soon as possible in a newspaper of general circulation in the area affected, pursuant to Chapter 50, Florida Statutes. Proof of publication, i.e., newspaper affidavit, must be provided to the Department's Bureau of Air Regulation office within 7 (seven) days of publication. Failure to publish the notice and provide proof of publication within the allotted time may result in the denial of the permit.

Please submit any other written comments you wish to have considered concerning the Department's proposed action to me at the above letterhead address. If you have any questions please call me at 850/921-9523 or Mr. Greg DeAngelo 850/921-9506.

Sincerely,

A. A. Linero, P.E.  
Bureau of Air Regulation

AAL/al

Enclosures

"More Protection, Less Process"

Printed on recycled paper.

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- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece or on the front if space permits.

1. Article Addressed to:

Mr. James O. Vick  
 Manager, Environmental Affairs  
 Gulf Power Company  
 One Energy Place  
 Pensacola, FL 32520-0328

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) J. Garner B. Date of Delivery 10/1/02

C. Signature [Signature]  Agent  Addressee

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. 7001 0320 0001 3692 7928

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

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| Postage  | \$        | Postmark Here |
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| <b>Total Postage &amp; Fees</b>                | <b>\$</b> |               |

Sent To James O. Vick  
 Street, Apt. No. or P.O. Box No. One Energy Place  
 City, State, ZIP+4 Pensacola, FL 32520-0328

In the Matter of an  
Application for Permit by:

Mr. James O. Vick  
Manager, Environmental Affairs  
Gulf Power Company  
One Energy Place  
Pensacola, Florida 32520-0328

DEP File No. 0050014-005-AC  
Gulf Power Lansing Smith Generating Plant  
Unit 2 Waterwall Tube Replacement Project  
Bay County

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**INTENT TO ISSUE AIR CONSTRUCTION PERMIT**

The Department of Environmental Protection (Department) gives notice of its intent to issue an Air Construction Permit to Gulf Power Company for the proposed project, detailed in the application specified above and the attached Technical Evaluation and Preliminary Determination, for the reasons stated below.

Gulf Power Company submitted a project description on August 22, 2002 (received August 26) to the Department for the replacement of all waterwall tubes on Unit 2 at the Lansing Smith Generating Plant in Bay County.

The Department has permitting jurisdiction under the provisions of Chapter 403, Florida Statutes (F.S.), Florida Administrative Code (F.A.C.) Chapters 62-4, 62-210, and 62-212. The above actions are not exempt from permitting procedures. Although no significant net emissions increases are projected to result from the proposed project, the Department has determined that an Air Construction Permit is required.

The Department intends to issue this air construction permit based on the belief that reasonable assurances have been provided to indicate that project will not cause significant net emissions increases from the unit that would otherwise require a review under the rules for the Prevention of Significant Deterioration under Chapters 62-212.400, F.A.C.

Pursuant to Section 403.815, F.S., and Rule 62-110.106(7)(a)1., F.A.C., you (the applicant) are required to publish at your own expense the enclosed Public Notice of Intent to Issue Air Construction Permit. The notice shall be published one time only in the legal advertisement section of a newspaper of general circulation in the area affected. Rule 62-110.106(7)(b), F.A.C., requires that the applicant cause the notice to be published as soon as possible after notification by the Department of its intended action. For the purpose of these rules, "publication in a newspaper of general circulation in the area affected" means publication in a newspaper meeting the requirements of Sections 50.011 and 50.031, F.S., in the county where the activity is to take place. If you are uncertain that a newspaper meets these requirements, please contact the Department at the address or telephone number listed below. The applicant shall provide proof of publication to the Department's Bureau of Air Regulation, at 2600 Blair Stone Road, Mail Station #5505, Tallahassee, Florida 32399-2400 (Telephone: 850/488-0114; Fax 850/922-6979). You must provide proof of publication within seven days of publication, pursuant to Rule 62-110.106(5), F.A.C. No permitting action for which published notice is required shall be granted until proof of publication of notice is made by furnishing a uniform affidavit in substantially the form prescribed in section 50.051, F.S. to the office of the Department issuing the permit. Failure to publish the notice and provide proof of publication may result in the denial of the permit pursuant to Rules 62-110.106(9) & (11), F.A.C.

The Department will issue the final permit with the attached conditions unless a response received in accordance with the following procedures results in a different decision or significant change of terms or conditions.

The Department will accept written comments concerning the proposed permit issuance action for a period of 14 (fourteen) days from the date of publication of the enclosed Public Notice. Written comments should be provided to the Department's Bureau of Air Regulation at 2600 Blair Stone Road, Mail Station #5505, Tallahassee, FL 32399-2400. Any written comments filed shall be made available for public inspection. If comments received result in a significant change in the proposed agency action, the Department shall revise the proposed permit and require, if applicable, another Public Notice.

The Department will issue the permit with the attached conditions unless a timely petition for an administrative hearing is filed pursuant to sections 120.569 and 120.57 F.S., before the deadline for filing a petition. The procedures for petitioning for a hearing are set forth below.

A person whose substantial interests are affected by the proposed permitting decision may petition for an administrative proceeding (hearing) under sections 120.569 and 120.57 of the Florida Statutes. The petition must contain the information set forth below and must be filed (received) in the Office of General Counsel of the Department at 3900 Commonwealth Boulevard, Mail Station #35, Tallahassee, Florida, 32399-3000. Petitions filed by the permit applicant or any of the parties listed below must be filed within fourteen days of receipt of this notice of intent. Petitions filed by any persons other than those entitled to written notice under section 120.60(3) of the Florida Statutes must be filed within fourteen days of publication of the public notice or within fourteen days of receipt of this notice of intent, whichever occurs first. Under section 120.60(3), however, any person who asked the Department for notice of agency action may file a petition within fourteen days of receipt of that notice, regardless of the date of publication. A petitioner shall mail a copy of the petition to the applicant at the address indicated above at the time of filing. The failure of any person to file a petition within the appropriate time period shall constitute a waiver of that person's right to request an administrative determination (hearing) under sections 120.569 and 120.57 F.S., or to intervene in this proceeding and participate as a party to it. Any subsequent intervention will be only at the approval of the presiding officer upon the filing of a motion in compliance with Rule 28-106.205 of the Florida Administrative Code.

A petition that disputes the material facts on which the Department's action is based must contain the following information: (a) The name and address of each agency affected and each agency's file or identification number, if known; (b) The name, address, and telephone number of the petitioner, the name, address, and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination; (c) A statement of how and when petitioner received notice of the agency action or proposed action; (d) A statement of all disputed issues of material fact. If there are none, the petition must so indicate; (e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action; (f) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action; and (g) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action.

A petition that does not dispute the material facts upon which the Department's action is based shall state that no such facts are in dispute and otherwise shall contain the same information as set forth above, as required by Rule 28-106.301.

Because the administrative hearing process is designed to formulate final agency action, the filing of a petition means that the Department's final action may be different from the position taken by it in this notice. Persons whose substantial interests will be affected by any such final decision of the Department on the application have the right to petition to become a party to the proceeding, in accordance with the requirements set forth above. Mediation is not available in this proceeding.

In addition to the above, a person subject to regulation has a right to apply for a variance from or waiver of the requirements of particular rules, on certain conditions, under Section 120.542 F.S. The relief provided by this state statute applies only to state rules, not statutes, and not to any federal regulatory requirements. Applying for a variance or waiver does not substitute or extend the time for filing a petition for an administrative hearing or exercising any other right that a person may have in relation to the action proposed in this notice of intent.

The application for a variance or waiver is made by filing a petition with the Office of General Counsel of the Department, 3900 Commonwealth Boulevard, Mail Station #35, Tallahassee, Florida 32399-3000. The petition must specify the following information: (a) The name, address, and telephone number of the petitioner; (b) The name, address, and telephone number of the attorney or qualified representative of the petitioner, if any; (c) Each rule or portion of a rule from which a variance or waiver is requested; (d) The citation to the statute underlying (implemented by) the rule identified in (c) above; (e) The type of action requested; (f) The specific facts that would justify a variance or waiver for the petitioner; (g) The reason why the variance or waiver would serve the purposes of the underlying statute (implemented by the rule); and (h) A statement whether the variance or waiver is permanent or temporary and, if temporary, a statement of the dates showing the duration of the variance or waiver requested.

The Department will grant a variance or waiver when the petition demonstrates both that the application of the rule would create a substantial hardship or violate principles of fairness, as each of those terms is defined in Section 120.542(2) F.S., and that the purpose of the underlying statute will be or has been achieved by other means by the petitioner.

Persons subject to regulation pursuant to any federally delegated or approved air program should be aware that Florida is specifically not authorized to issue variances or waivers from any requirements of any such federally delegated or approved program. The requirements of the program remain fully enforceable by the Administrator of the EPA and by any person under the Clean Air Act unless and until the Administrator separately approves any variance or waiver in accordance with the procedures of the federal program.

Executed in Tallahassee, Florida.



A. A. Linero, P.E.  
Bureau of Air Regulation


#### CERTIFICATE OF SERVICE

The undersigned duly designated deputy agency clerk hereby certifies that this Intent to Issue Air Construction Permit (including the Technical Evaluation and Preliminary Determination and the DRAFT permit) was sent by certified mail (\*) and copies were mailed by U.S. Mail before the close of business on 9/30/02 to the persons listed:

James O. Vick, Gulf Power Co.\*  
G. Dwain Waters, Gulf Power Company  
Kay Prince, EPA  
Beverly Spagg, EPA  
Mary Jean Yon, DEP NED

Clerk Stamp

**FILING AND ACKNOWLEDGMENT FILED**, on this date, pursuant to §120.52, Florida Statutes, with the designated Department Clerk, receipt of which is hereby acknowledged.

 September 30, 2002  
(Clerk) (Date)

**PUBLIC NOTICE OF INTENT TO ISSUE AIR CONSTRUCTION PERMIT**

STATE OF FLORIDA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP File No. 0050014-005-AC

Gulf Power Company Lansing Smith Generating Plant Unit 2  
Waterwall Tube Replacement Project

Bay County

The Department of Environmental Protection (Department) gives notice of its intent to issue an Air Construction Permit to Gulf Power Company. The permit will authorize replacement of all waterwall tubes on Unit 2 at the Lansing Smith Generating Plant in Bay County. A Best Available Control Technology (BACT) determination was not required. The applicant's name and address are Gulf Power Company, One Energy Place, Pensacola, Florida 32520-0328.

Gulf Lansing Smith Unit 2 is a nominal 205-megawatt coal-fired unit. According to the company, numerous waterwall tubes have experienced significant damage due to a number of reasons although the unit continues to operate. The company advised that it is necessary to replace the waterwall tubes in the boiler to retain current unit operating capacity and maintain established normal operations. The project will be conducted in early 2003 and will require approximately 20 weeks to complete.

The Department has reasonable assurance that the project will not result in significant net emission increases from the unit that would otherwise require a review under the rules for the Prevention of Significant Deterioration at Section 62-212.400, F.A.C. or 40 CFR 52.21. The Department has incorporated provisions in the draft permit requiring submittal of information on an annual basis for a period of 5 years to confirm that the project did not cause significant net emission increases in actual emissions.

The Department will issue the FINAL Permit, in accordance with the conditions of the DRAFT Permit, unless a response received in accordance with the following procedures results in a different decision or significant change of terms or conditions.

The Department will accept written comments concerning the proposed permit issuance action for a period of 14 (fourteen) days from the date of publication of this Public Notice of Intent to Issue Air Construction Permit. Written comments should be provided to the Department's Bureau of Air Regulation at 2600 Blair Stone Road, Mail Station #5505, Tallahassee, FL 32399-2400. Any written comments filed shall be made available for public inspection. If comments received result in a significant change in the proposed agency action, the Department shall revise the proposed permit and require, if applicable, another Public Notice.

The Department will issue the permit with the attached conditions unless a timely petition for an administrative hearing is filed pursuant to sections 120.569 and 120.57 F.S., before the deadline for filing a petition. The procedures for petitioning for a hearing are set forth below. Mediation is not available in this proceeding.

A person whose substantial interests are affected by the proposed permitting decision may petition for an administrative proceeding (hearing) under sections 120.569 and 120.57 of the Florida Statutes. The petition must contain the information set forth below and must be filed (received) in the Office of General Counsel of the Department at 3900 Commonwealth Boulevard, Mail Station #35, Tallahassee, Florida, 32399-3000. Petitions filed by the permit applicant or any of the parties listed below must be filed within fourteen days of receipt of this notice of intent. Petitions filed by any persons other than those entitled to written notice under section 120.60(3) of the Florida Statutes must be filed within

Notice for Newspaper

fourteen days of publication of the public notice or within fourteen days of receipt of this notice of intent, whichever occurs first. Under section 120.60(3), however, any person who asked the Department for notice of agency action may file a petition within fourteen days of receipt of that notice, regardless of the date of publication. A petitioner shall mail a copy of the petition to the applicant at the address indicated above at the time of filing. The failure of any person to file a petition within the appropriate time period shall constitute a waiver of that person's right to request an administrative determination (hearing) under sections 120.569 and 120.57 F.S., or to intervene in this proceeding and participate as a party to it. Any subsequent intervention will be only at the approval of the presiding officer upon the filing of a motion in compliance with Rule 28-106.205 of the Florida Administrative Code.

A petition that disputes the material facts on which the Department's action is based must contain the following information: (a) The name and address of each agency affected and each agency's file or identification number, if known; (b) The name, address, and telephone number of the petitioner, the name, address, and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination; (c) A statement of how and when petitioner received notice of the agency action or proposed action; (d) A statement of all disputed issues of material fact. If there are none, the petition must so indicate; (e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action; (f) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action; and (g) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action.

A petition that does not dispute the material facts upon which the Department's action is based shall state that no such facts are in dispute and otherwise shall contain the same information as set forth above, as required by Rule 28-106.301

Because the administrative hearing process is designed to formulate final agency action, the filing of a petition means that the Department's final action may be different from the position taken by it in this notice. Persons whose substantial interests will be affected by any such final decision of the Department on the application have the right to petition to become a party to the proceeding, in accordance with the requirements set forth above.

A complete project file is available for public inspection during normal business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday, except legal holidays, at:

|   |  |   |
|---|--|---|
| Dept. of Environmental Protection<br>Bureau of Air Regulation<br>111 S. Magnolia Drive, Suite 4<br>Tallahassee, Florida 32301<br>Telephone: 850/488-0114<br>Fax: 850/922-6979 | Dept. of Environmental Protection<br>Northwest District Office<br>160 Governmental Center<br>Pensacola, Florida 32501-5794<br>Telephone: 850/595-8300<br>Fax: 850/595-8417 | Dept. of Environmental Protection<br>NW District Branch Office<br>2353 Jenks Avenue<br>Panama City, Florida 32405<br>Telephone: 850/872-4375<br>Fax: 850/872-7790 |
|---|--|---|

The complete project file includes the technical evaluation and the Draft Permit, and the information submitted by the Gulf Power, exclusive of confidential records under Section 403.111, F.S. Interested persons may contact the Program Administrator, New Resource Review Section at 111 South Magnolia Drive, Suite 4, Tallahassee, Florida 32301, or call 850/488-0114, for additional information. The draft permit and technical evaluation can be accessed at [www.dep.state.fl.us/air/permitting/construct.htm](http://www.dep.state.fl.us/air/permitting/construct.htm)

TECHNICAL EVALUATION  
AND  
PRELIMINARY DETERMINATION

Gulf Power Company  
Lansing Smith Generating Plant Unit 2

Waterwall Tube Replacement Project

Bay County

DEP File No. 0050014-005-AC

Department of Environmental Protection  
Division of Air Resource Management  
Bureau of Air Regulation

September 27, 2002



## BACKGROUND

On August 19, 2002 Department representatives met with representatives from Gulf Power Company and Southern Company to discuss a planned waterwall tube replacement project at the Lansing Smith Power Generating Plant Unit 2 in Bay County. The company submitted a letter and the project summary on August 22 (Received August 26).

Gulf Lansing Smith Unit 2 is a nominal 205-megawatt coal-fired unit.<sup>1</sup> According to the information provided, numerous waterwall tubes on Unit 2 have experienced significant damage due to a number of reasons. The company has determined that it is necessary to replace the waterwall tubes in the boiler to retain current unit operating capacity. The project cost is estimated at \$3.5 million and will require 20 weeks to complete.<sup>2</sup>

The first issue is whether the project is exempt in accord with the Department's definition of a modification at Sections 62-210, F.A.C. The definition of modification at Section 62-210.200, F.A.C. states:

*169. "Modification" - Any physical change in, change in the method of operation of, or addition to a facility which would result in an increase in the actual emissions of any air pollutant subject to regulation under the Act, including any not previously emitted, from any emissions unit or facility. (Emphasis added.)*

## POSSIBLE EXEMPTION

The project is clearly a physical change and thus is eligible for consideration as a modification. The Department considered whether the project is exempt from the definition of modification as provided in Section 62-210.200(169)(a), F.A.C. This provision states:

*A physical change or change in method of operation shall not include: 1. Routine maintenance, repair, or replacement of component parts of an emission unit. (Emphasis added.)*

It is noteworthy that this possibility for exemption provided by rule does not derive from the definition of modification in Section 111(a)4 of the Clean Air Act from which the federal and state regulatory definitions ultimately derive. According to EPA's Detroit Edison "Dense Pack Determination," there is a rule of law that exclusions from generally applicable regulations should be construed narrowly.<sup>3,4</sup>

It is obvious to Department experts upon inspection that the project described does not constitute routine maintenance, repair, or replacement of component parts. For the relatively small size of Unit 2, the project is extraordinary in terms of cost, the length of the outage, and scope as a complete replacement of waterwall tubes. Even a less-than-narrow interpretation of the rule would suggest that the project is not eligible for the possible exemption.

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- 1 Letter. Waters, G.D., Gulf Power Company to DeAngelo, G., Florida DEP. Gulf Lansing Smith Unit 2 Waterwall Replacement Project. August 22, 2002.
  - 2 Telecom. Waters, G.D., Gulf Power and Linero, A.A., FDEP. Update on Project Details. September 27, 2002.
  - 3 Letter. Lyons, F.X., EPA Region V Administrator to Nickel, H., Counsel for Detroit Edison Company. May 23, 2000
  - 4 Auer v. Robbins, 519 U.S. 452, 462-63 (1986) (recognizing general rule of construction for regulations); O'Neal v. Barrow County, 980 F.2d 674, 677 (11th Cir. 1993) (where statute does not provide for exemption, regulations providing for one should be narrowly construed).

## SIGNIFICANT NET EMISSIONS INCREASES

Gulf Power claims that the project will have no effect on the emission rate of the unit (presumably in pounds per hour) or utilization of the unit. The Company also claims that there will be no "net emissions increase" caused by the project.

The Department has determined that an air construction permit is required for the non-routine project described above. The question of whether or not there is a net emissions increase is actually moot. The more important issue is whether any increase would result in a "significant net emissions increase" that would constitute a modification subjecting the project to the Rules for Prevention of Significant Deterioration of Air Quality (PSD Rules) at Section 62-212.400, F.A.C. or 40 CFR 52.21.

The Department rule at Section 62-212.400(2)(e), F.A.C., (Emissions Increases), states:

1. *Net Emissions Increase. A modification to a facility results in a net emissions increase when, for a pollutant regulated under the Act, the sum of all of the contemporaneous creditable increases and decreases in the actual emissions of the facility, including the increase in emissions of the modification itself ..... is greater than zero.*
2. *Significant Net Emissions Increase. A significant net emissions increase of a pollutant regulated under the Act is a net emissions increase equal to or greater than the applicable significant emission rate listed in Table 212.400-2, Regulated Air Pollutants - Significant Emission Rates.*

In making the determination whether or not there will be a significant net emissions increase, it is necessary to compare actual emissions before and after the project. The Department rule at Section 62-210.200(11), F.A.C. (Actual Emissions), states:

- (a) *In general, actual emission as of a particular date shall equal the average rate, in tons per year, at which the emissions unit actually emitted the pollutant during a two-year period which precedes the particular date and which is representative of the normal operation of the emissions unit. The Department may allow the use of a different time period upon a determination that it is more representative of the normal operation of the emissions unit. Actual emissions shall be calculated using the emissions unit's actual operating hours, production rates and types of materials processed, stored, or combusted during the selected time period. (Emphasis added.)*

The definition above relates to the "past emissions" that are compared to the future emissions in calculating whether there will be a net emissions increase. With respect to selection of a time period, it is clear from the provision that the most recent two-year period *should* be used although the Department may allow the use of a different time period. Future emissions for certain electric steam utility units (subject to WEPCO) are uniquely defined within the same section as:

- (d) *For an electric utility steam generating unit (other than a new unit or replacement of an existing unit) actual emissions of the unit following a physical or operational change shall equal the representative actual annual emissions of the unit following the physical or operational change, provided*

*the owner or operator maintains and submits to the Department on an annual basis, for a period of 5 years representative of normal post-change operations of the unit, information demonstrating that the physical or operational change did not result in an emissions increase. The definition of "representative actual annual emissions" found in 40 C.F.R. 52.21(b)(33) is adopted and incorporated by reference in Rule 62-204.800, F.A.C. (Emphasis added.)*

It is clear that the Department rule is founded on the federal rule containing the definition of representative actual annual emissions applicable to electric utility steam generators. Federal regulation 40 CFR 52.21(b)(33) states:

*Representative actual annual emissions means the average rate, in tons per year, at which the source is projected to emit a pollutant for the 2-year period after a physical change or change in the method of operation of a unit, (or a different consecutive 2-year period within 10 years after that change, where the Administrator determines that such period is more representative of normal source operations), considering the effect any such change will have on increasing or decreasing the hourly emissions rate and on projected capacity utilization. In projecting future emissions the Administrator shall:*

- (i) Consider all relevant information, including but not limited to, historical operational data, the company's own representations, filings with the State or Federal regulatory authorities, and compliance plans under Title IV of the Clean Air Act; and*
- (ii) Exclude, in calculating any increase in emissions that results from the particular physical change or change in the method of operation at an electric utility steam generating unit, that portion of the unit's emissions following the change that could have been accommodated during the representative baseline period and is attributable to an increase in projected capacity utilization at the unit that is unrelated to the particular change, including any increased utilization due to the rate of electricity demand growth for the utility system as a whole.*

#### ACTUAL EMISSIONS PRECEDING PHYSICAL CHANGE

Gulf Power chose a 24-month period (September, 1998 through August, 2000) during the past five years as representative of normal operation. Actually, according to the applicable rule, it is the Department that makes the final decision on this matter and may allow a time period different than the two years immediately preceding the physical change. Normally, the Department insists on the use of the most recent two years. But in the case of electric utility steam generators, the Department generally allows use of a different two-year period within the past five years.

The basis of this allowance for power plants is that it is the clear intent of the federal regulation upon which the Department based its own rules applicable to electric steam utility generators. The preamble to the federal rules implementing the WEPCO decision states:<sup>5</sup>

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<sup>5</sup> Federal Register. WEPCO Final Rulemaking. Promulgated July 21, 1992.

*"Under the proposed action, the Administrator would presume that any 2 consecutive years within the 5 years prior to the proposed change is representative of normal source operations for a utility." (Emphasis added.)*

Also:

*"Source owners or operators desiring to use other than a 2-year period or a baseline period prior to the last 5 years may seek the Administrator's specific determination that such period is more representative of normal operations."*

Thus, greater weight is given to the baseline period (within the recent five-year period) chosen by the owner or operator of an electric utility steam generator than the weight accorded to requests from owners or operators of other kinds of facilities. For that reason, the Department accepts the period chosen by Gulf Power with certain reservations. The Department accepts the time period for the purpose of past utilization. This is consistent with the mentioned preamble, which states:

*"Where the change does not increase the unit's emissions factor, i.e., the amount of pollution emitted by a source after control per unit of fuel combusted (such as pounds of SO<sub>2</sub> emitted per ton of coal burned), the utility may submit annual utilization data, rather than emissions data, as a method of tracking post-change emissions. If annual utilization data show that the unit increased utilization above baseline levels, the permitting authority should determine whether the increase resulted from the change. Where a causal link exists between the change and the increase in utilization, the permitting authority should then determine whether emissions have also increased as a result of the change." (Emphasis added.)*

There is a second reason for relying on utilization rather than emissions. The reason is that SO<sub>2</sub> emissions during the period selected by Gulf Power are higher than allowed by subsequent limitations imposed in the facility Title V Operation Permit.<sup>6</sup> The limitations were necessary to avoid theoretical exceedances of SO<sub>2</sub> ambient air quality standards that can occur under certain operating scenarios. By comparing past and future actual emissions one could mistakenly infer that the proposed project will cause emissions decreases.

The company submitted updated information to the Department consisting of recalculated past actual emissions derived by using the past utilization data in conjunction with the limitations imposed in the Title V Operation permit. Following is a table listing past actual emissions estimates for comparison with future emissions.

| <b>Pollutant<br/>(Average Annual Emissions)</b> | <b>Baseline Period Suggested<br/>by Gulf Power<br/>(Sept 1998 to Aug 2000)</b> | <b>Past Two Calendar Years<br/>(Annual Operating Report<br/>Data for CY 2000 and 2001)</b> |
|---|--|--|
| SO <sub>2</sub>                                 | 15,270   | 8,598  |
| NO <sub>x</sub>                                 | 2,875  | 2,471  |
| PM  | 206  | 130  |

<sup>6</sup> Permit. Gulf Power Company Lansing Smith Generating Plant Final Title V Operation Permit. Effective January 1, 2000.

## ACTUAL ANNUAL REPRESENTATIVE EMISSIONS AFTER THE PHYSICAL CHANGE

To estimate the average emission rate, in tons per year, for the 2-year period following the physical change, Gulf Power obtained future utilization estimates from the production cost models that are used to project fuel requirements. On a calendar year basis, the production cost model used by the company not only predicts how much coal the unit will require but also identifies the source (spot market coal supplier) and quality (Btu/lb and percent sulfur by weight) of the required coal.

Applying emission factors (lb/mmBtu) for NO<sub>x</sub> and PM, and calculating SO<sub>2</sub> emissions from the percent sulfur by weight and heat content of the future coal supplies, yields the following estimates for actual annual representative emissions after the physical change.

| <b>Pollutant</b> | <b>Calendar Year 2004<br/>(tons)</b> | <b>Calendar Year 2005<br/>(tons)</b> | <b>Annual Average<br/>Emission Rate<br/>(tons)</b> |
|------------------|--------------------------------------|--------------------------------------|--|
| SO <sub>2</sub>  | 5,471                                | 7,552                                | 6,512  |
| NO <sub>x</sub>  | 2,487                                | 2,429                                | 2,458  |
| PM               | 131                                  | 128                                  | 130  |

## ADDITIONAL CONSIDERATIONS

A facility-wide cap on NO<sub>x</sub> emissions already applies on existing Units 1 and 2. This same cap also applies to the combination of Units 1, 2, and recently constructed Unit 3. The cap was imposed to ensure that the addition of Unit 3 will not result in annual emissions greater than recent actual annual NO<sub>x</sub> emissions.<sup>7</sup> Therefore a project that would greatly increase the availability of Unit 2 (or Units 1 and 2) would need to include substantial control of NO<sub>x</sub> emissions.

As mentioned above, the trend for SO<sub>2</sub> emissions is generally downward due to imposition of emission limits of 2.1 and 2.7 lb SO<sub>2</sub>/mmBtu on Units 1 and 2, respectively or 4.5 lb/mmBtu when operated together. This compares with the previous limits of over 6 lb/mmBtu for the various scenarios.

There may be future fluctuations in SO<sub>2</sub> emissions unrelated to the project caused simply by the manner that Gulf Power conducts its coal purchasing within the requirements of its new SO<sub>2</sub> limits and Southern Company's Title IV Acid Rain management plans. Gulf Power provided an explanation detailing why they expect some increases between 2004 and 2005 (future use of spot market Venezuelan coal versus coal from Colorado).<sup>8</sup> This increase appears to be unrelated to the project contemplated by Gulf Power.

<sup>7</sup> Recommended Order. Gulf Power Lansing Smith Unit 3 Certification Hearing of April 3, 2000.

<sup>8</sup> Letter. Waters, G.D., Gulf Power Company to DeAngelo, G., Florida DEP. Gulf Lansing Smith Unit 2 Waterwall Replacement Project – Additional Information. September 19, 2002.

**DETERMINATION WHETHER THERE WILL BE A SIGNIFICANT NET EMISSIONS INCREASE**

Significant net emissions increases for SO<sub>2</sub>, NO<sub>x</sub>, and PM are codified in Table 212-400-2, F.A.C. as 40 tons per year, 40 tons per year, and 25 tons per year, respectively. The following table compares the baseline (pre-construction project) actual emissions to the projected (post-construction project) emissions.

| <b>Pollutant (Significant Emission Rate)</b>                | <b>Actual Annual Average Emissions (tons)</b> | <b>Future Annual Average Emissions (tons)</b> | <b>Projected Change (tons/year)</b> |
|---|---|---|-------------------------------------|
| <b>Gulf Power Suggested Baseline (Sept 1998 - Aug 2000)</b> |   |   |                                     |
| SO <sub>2</sub> (40 tons)                                   | 15,270  | 6,512   | -8,758                              |
| NO <sub>x</sub> (40 tons)                                   | 2,875   | 2,458   | -417                                |
| PM (25 tons)  | 206   | 130   | -76                                 |
| <b>Past Two Calendar Years Baseline (CY 2000 and 2001)</b>  |   |   |                                     |
| SO <sub>2</sub> (40 tons)                                   | 8,598   | 6,512   | -2,086                              |
| NO <sub>x</sub> (40 tons)                                   | 2,471   | 2,458   | -13                                 |
| PM (25 tons)  | 130   | 130   | 0                                   |

Because the projected change in emissions is less than the significant emission rate for all three pollutants under discussion, the construction project is not anticipated to cause a net emissions increase. Note that the Department does not believe that the construction project is responsible for the projected decrease in emissions.

**ADDITIONAL REQUIREMENTS APPLICABLE TO GULF POWER**

The Department requires a permit for Gulf Power to proceed with the planned work. However the permit does not require incorporation of additional emission limitations for this specific project. The preamble to the WEPCO rule states:

*"The EPA does not, however, agree with comments that post-change emissions estimates must always be made into permanent federally-enforceable permit conditions. To do so would permanently restrict a utility's legally allowable emission limits to its pre-change actual emissions level unless it subsequently underwent NSR, and would fail to account for the very real possibility that emissions might increase over baseline levels in the future for reasons unrelated to the physical or operational change in question."*

The Department will require Gulf Power to submit the information described in the definition of actual emissions at Section 62-210.200(11)(d), F.A.C., which is clearly an applicable requirement. Gulf Power should also include the applicable requirement in its next Title V Operation permit application.

According to the preamble to the WEPCO rule:

*“Appropriate records are to be submitted to the permitting agency on an annual basis for a period of 5 years from the date the unit begins operations (i.e., post-change operations after an initial shakedown period). A longer period, not to exceed 10 years, may be required by the permitting agency where it has determined that no period within the first 5 years following the change is representative of source operations.*

*Since it is expected that utilities will submit the same data normally used to report emissions or operational levels under existing Federal, State or local air pollution control agency requirements, EPA does not expect that documentation of post-change actual annual emissions will impose any additional data collection burden on the part of a utility.”*

#### LIMITATIONS OF DEPARTMENT’S OPINION

The Department’s preliminary determination is based only on the facts presented by Gulf Power, the few Department rules sufficient to evaluate the proposed project, and the Federal regulations upon which they were clearly based.

The Department’s opinion does not consider any other conceivable past projects that when aggregated with the present one could result in significant net emissions increases. It does not serve as a shield against any conceivable actions contemplated (to which the Department is not privy) by EPA as a result of its inquiries via the Section 114 process into past projects by Gulf Power at the Landing Smith facility.<sup>9</sup>

Furthermore the Department’s determination is strictly limited to this specific case and should not be used as a precedent for other cases, or lead to unintended consequences construed from the language contained in this determination. Ultimately, it is the Department that interprets its own regulations and opinions.

*A. A. Linero, P.E., Program Administrator*

---

9 Letter. Smith, W.A., EPA Region IV to Moor, K.R., Vice President and Associate General Counsel for Southern Company. April 15, 2002.

One Energy Place  
Pensacola, Florida 32520

Tel 850.444.6111

RECEIVED

AUG 26 2002

BUREAU OF AIR REGULATION



Certified Mail

August 22, 2002

Greg DeAngelo  
Florida Department of Environmental Protection  
Division of Air Resources Management  
2600 Blair Stone Road  
Mail Station #5510  
Tallahassee, Florida 32399-2400

Dear Mr. DeAngelo:

RE: LANSING SMITH ELECTRIC GENERATING PLANT  
WATERWALL TUBE REPLACEMENT PROJECT  
PERMIT No: 0050014-001-AV

Thank you for meeting with us on August 19, 2002 regarding the Lansing Smith Unit 2 waterwall tube replacement project. Enclosed, pursuant to your request is a project summary worksheet outlining the details of the project along with our determination of no emissions increase.

If you have any questions regarding this project or the protocol development for the Lansing Smith Unit 2 waterwall project, please call me at (850) 444.6527.

Sincerely,

A handwritten signature in black ink that reads "G. Dwain Waters Q.E.P.".

G. Dwain Waters, Q.E.P.  
Air Quality Programs Supervisor

cc: w/att: Jim. Vick, Gulf Power Company  
Marie Largilliere, Gulf Power Company  
Trey Hall, Gulf Power Company  
Michael Burroughs, Gulf Power Company  
Vicky Sullivan, Southern Company Services  
Grady Moore, Balch & Bingham  
Gary Perko, Hopping, Green & Sams  
Ms. Sandra Veazey, FDEP Northwest District Office, Pensacola, Florida



# LANSING SMITH WATERWALL REPLACEMENT PROJECT SUMMARY

08-22-02

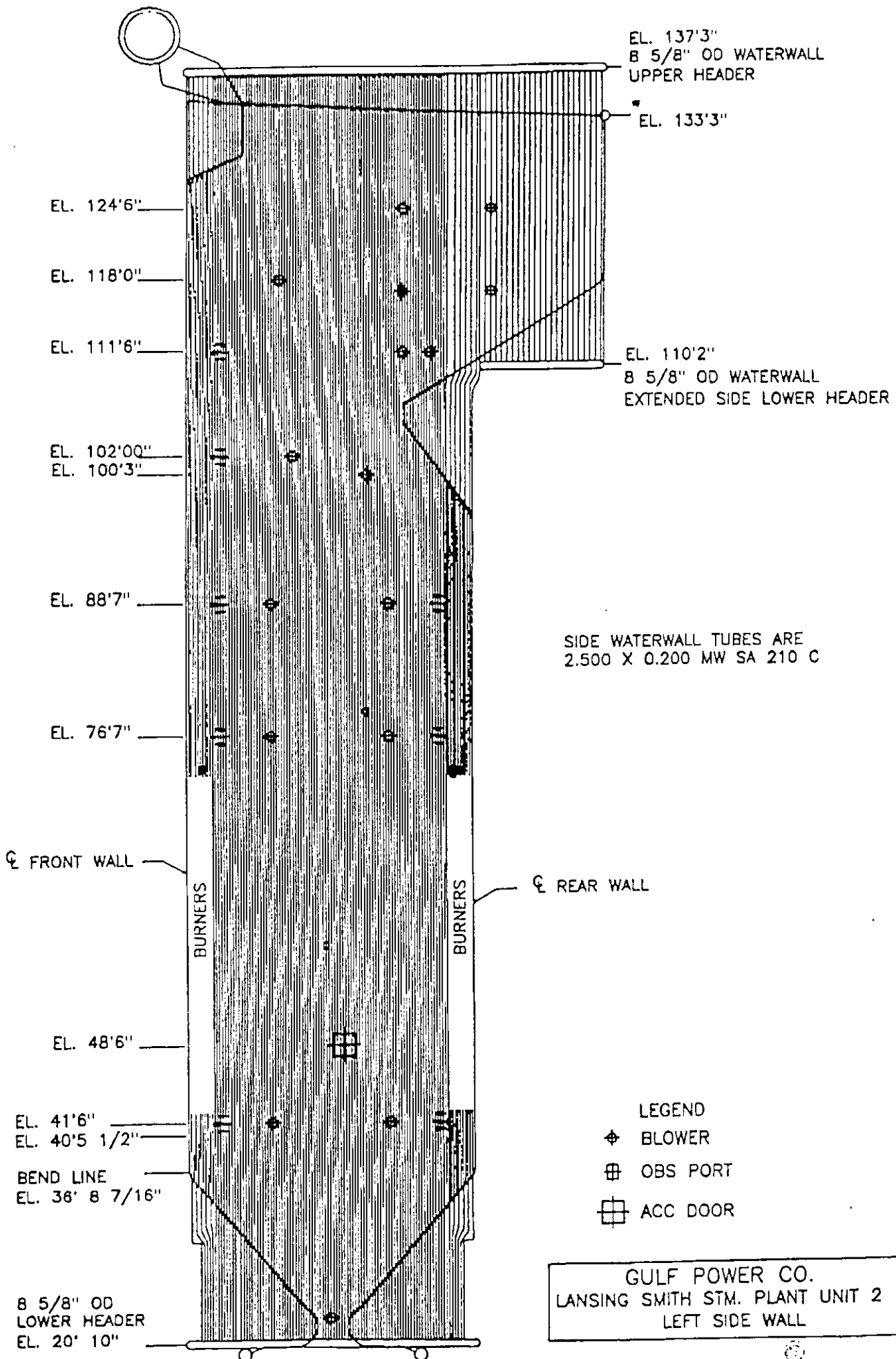
**Background:** Lansing Smith Unit 2 was placed in commercial operation in 1967. The Unit 2 Boiler was designed by Combustion Engineering and has a permitted capacity at 2,246.2 MBTU/hr heat input utilizing coal as its primary fuel. The normal full load of Unit 2 is approximately 205 MW. The unit is capable of burning No. 2 Fuel Oil and On-specification Used Oil at a lower heat input capacity. In 1988, Unit 2 was selected as a Clean Coal Technologies Low NO<sub>x</sub> Burner Demonstration Project by the Department of Energy and EPA. In 1991, the unit was retrofitted with a separated Low-NO<sub>x</sub> Concentric Firing System (LNCFS) and separated overfired air dampers (SOFA) to facilitate a reduction in NO<sub>x</sub> emissions. The lower oxygen (O<sub>2</sub>) levels resulting from the operation of the low NO<sub>x</sub> burner system have caused a corrosive environment in the furnace. While the unit has been able to achieve lower emissions levels, the erosion and corrosion of the waterwall tubes have been greatly accelerated in the heat affected zone. Additional testing of the boiler indicates that numerous waterwall tubes also have significant damage as a result of water chemistry excursions which occurred in 2000 and 2001. The damage is evidenced by a heavy buildup of minerals in the internal part of the tubes. This buildup quickly attacks the inside of the tube resulting in a thick edge that splits about 12 to 36 inches due to the internal corrosion.

**Project Description:** With erosion on the external portion of the tubes due to low NO<sub>x</sub> burner operation and corrosion in the internals due to water chemistry excursions, it is necessary to replace the waterwall tubes in the boiler to retain its current operating capacity. The tubes could not be repaired economically. This replacement requires cutting out the waterwall tubes from the lower ring headers up to just below the steam drum in the penthouse. No work will be performed on the steam drum. This is a vertical length of about 120 ft. The surface area is approximately 19,340 square feet. The replacement waterwall tubes are made of the same materials as the old and no new capacity or operational changes will result from the replacement. The cost of the materials is estimated to be \$3.5 million dollars. The project will take approximately 16 weeks to complete and is scheduled to begin in January, 2003. Attachment (1) is a side view drawing of the boiler with accompanying elevations and dimensions.

**Emissions Evaluation:** An evaluation of the emissions before and after this project was conducted. First, it is clear from the project description and engineering summarized above that the project will have no effect on the emissions rate of the unit. This is true for all pollutants. The replacement waterwall tubes will have the same design and capacity as the existing tubes. The boiler will fire coal and produce steam in the same manner as before the project. Therefore, there will be no impact on the emissions rate of the unit. Second, because the unit has already begun normal operations, a comparison of actual emissions before the project with projected actual emissions after the project was made. The baseline chosen was the twenty-four months in the five-year pre-project period over which the unit maintained highest availability. We believe this period is representative of normal source operation. The baseline emissions are shown below, along with projected future emissions calculated from Gulf Power's production cost model that is used to project fuel requirements. The future period chosen is the first two years after the project, 2004-2005. Because our production cost model provides projections only on a calendar year basis, the future projections begin with January 2004. As the calculations below show, emissions are projected to decrease after the project. Accordingly, the project will not result in an increase in emissions at the unit.

## Emissions Comparison Smith Unit 2

| <u>Baseline dates</u>             | <u>Pollutant</u> | <u>Before</u> | <u>After</u> | <u>Change</u> |
|-----------------------------------|------------------|---------------|--------------|---------------|
| 9/98 - 8/00                       | SO <sub>2</sub>  | 25,098        | 6,512        | -18,586       |
|                                   | NO <sub>x</sub>  | 2,875         | 2,458        | -417          |
|                                   | PM               | 206           | 130          | -76           |
| <u>Future Predicted Emissions</u> |                  | <u>2004</u>   | <u>2005</u>  | <u>Avg.</u>   |
|                                   | SO <sub>2</sub>  | 5,471         | 7,552        | 6,512         |
|                                   | NO <sub>x</sub>  | 2,487         | 2,429        | 2,458         |
|                                   | PM               | 131           | 128          | 130           |



One Energy Place  
Pensacola, Florida 32520

Tel 850.444.6111



Faxed

September 19, 2002

Greg DeAngelo  
Florida Department of Environmental Protection  
Division of Air Resources Management  
2600 Blair Stone Road  
Mail Station #5510  
Tallahassee, Florida 32399-2400

Dear Mr. DeAngelo:

RE: LANSING SMITH ELECTRIC GENERATING PLANT  
WATERWALL TUBE REPLACEMENT PROJECT - ADDITIONAL INFORMATION  
PERMIT No: 0050014-001-AV

Outlined below is the information requested in yesterday's telephone discussion of the Smith waterwall tube replacement project. Please let me know if you have any questions or need additional information.

- 1) Calculation of SO<sub>2</sub> Baseline Emissions using the governing emissions rate for Plant Smith.  
(Average 9/98-8/00 Baseline Heat Input \* Title V Permit SO<sub>2</sub> limit /2000 = SO<sub>2</sub> tons)  
14,542,598 MBTU/yr \* 2.1 lbs/MBTU (Gov.Limit) /2000 = 15270 tons/yr
- 2) The increase in SO<sub>2</sub> between 2004 and 2005 (i.e. 5,471 to 7,552 tons) is a result from a planned fuel supplier change for marginal (spot) market coal for Plant Smith. The 2004 fuel is from Colorado @ approximately 0.5% sulfur and the 2005 fuel is from Venezuela @ approximately 0.74% sulfur thus accounting for the emissions increase between the future year emissions calculation.

Sincerely,

G. Dwain Waters, Q.E.P.  
Air Quality Programs Supervisor

cc: : Jim. Vick, Gulf Power Company  
Marie Largilliere, Gulf Power Company  
Trey Hall, Gulf Power Company  
Michael Burroughs, Gulf Power Company  
Vicky Sullivan, Southern Company Services  
Grady Moore, Balch & Bingham  
Gary Perko, Hopping, Green & Sams  
Ms. Sandra Veazey, FDEP Northwest District Office, Pensacola, Florida  
Ms. Beverly Spragg, EPA Region IV, Atlanta, Georgia

One Energy Place  
Pensacola, Florida 32520

Tel 850.444.6111



Faxed

September 19, 2002

Greg DeAngelo  
Florida Department of Environmental Protection  
Division of Air Resources Management  
2600 Blair Stone Road  
Mail Station #5510  
Tallahassee, Florida 32399-2400

Dear Mr. DeAngelo:

RE: LANSING SMITH ELECTRIC GENERATING PLANT  
WATERWALL TUBE REPLACEMENT PROJECT - FUTURE YEAR INFORMATION  
PERMIT No: 0050014-001-AV

Pursuant to your telephone request earlier today, please find the future year calculation for SO<sub>2</sub> emission estimates for 2004 and 2005 for Unit 2 at the Lansing Smith Generating Plant. Please let me know if you have additional questions regarding these future year estimates.

SO<sub>2</sub> Rate Formula:  $(\% \text{Sulfur} \times 2 \times 0.975 \times 10000) / \text{btu of coal} = \text{SO}_2 \text{ lb/mmbtu rate}$   
where: S is the % sulfur in the coal; 2 is the conversion from S to SO<sub>2</sub>  
0.975 is the % of SO<sub>2</sub> produced in the combustion of coal;  
10,000 is for unit conversion correction to get lb/mmbtu rate

Thus: Year 2004

SO<sub>2</sub> Emissions for the Colorado Coal estimated @ 0.50% Sulfur & 11510 btu/lb:

a)  $.50 \times 2 \times .975 \times 10,000 / 11510 = .847 \text{ lb/mmbtu}$

b)  $.847 \text{ lb/mmbtu} \times 12,919,050 \text{ mmbtu/yr} \times 2000 \text{ lb/ton} = 5471 \text{ tons}$

Thus: Year 2005

SO<sub>2</sub> Emissions for the Venezuela Coal estimated @ 0.74% Sulfur & 12054 btu/lb:

a)  $.74 \times 2 \times .975 \times 10000 / 12054 = 1.1971 \text{ SO}_2 \text{ lb/mmbtu rate}$

b)  $1.1971 \text{ lb/mmbtu} \times 12,617,025 \text{ mmbtu/yr} = 7552 \text{ tons/year}$

Sincerely,

G. Dwain Waters, Q.E.P.  
Air Quality Programs Supervisor

cc: : Jim. Vick, Gulf Power Company  
Marie Largilliere, Gulf Power Company  
Trey Hall, Gulf Power Company  
Michael Burroughs, Gulf Power Company  
Vicky Sullivan, Southern Company Services  
Grady Moore, Balch & Bingham  
Gary Perko, Hopping, Green & Sams  
Ms. Sandra Veazey, FDEP Northwest District Office, Pensacola, Florida

# DRAFT PERMIT

## PERMITTEE

Gulf Power Company  
Lansing Smith Generating Plant  
One Energy Place  
Pensacola, Florida 32520-0328

|   |
|---|
| Permit No. 0050014-005-AC<br>Expires: July 1, 2003<br>Facility ID No. 0050014 (SIC No. 4911)<br>Unit 2 Waterwall Tube Replacement |
|---|

## PROJECT AND LOCATION

This permit authorizes the replacement of all the waterwall tubing for Unit 2 at the Lansing Smith Electric Generating Plant. The facility is located at 4300 County Road in Bay County. The map coordinates are: UTM Zone 16, 625.03 km East and 3349.08 km North; and Latitude: 30° 16' 08" North and Longitude: 85° 42' 01" West.

## STATEMENT OF BASIS

This air pollution construction permit is issued under the provisions of Chapter 403 of the Florida Statutes (F.S.), and Chapters 62-4, 62-204, 62-210, 62-212, 62-296, and 62-297 of the Florida Administrative Code (F.A.C.). The permittee is authorized to conduct the work specified in accordance with the conditions of this permit and as described in the application, approved drawings, plans, and other documents on file with the Department. This permit supplements all other air construction and operation permits for the subject emissions unit and does not alter any requirements from such previously issued air permits.

## APPENDICES

The following appendices are attached as part of this permit.

Appendix GC - Construction Permit General Conditions

(DRAFT)

---

Howard L. Rhodes, Director  
Division of Air Resources Management

## SECTION I. FACILITY INFORMATION (DRAFT)

### FACILITY DESCRIPTION

This facility consists of two coal-fired boilers (Acid Rain Phase II Units), two oil-fired combustion turbines used to drive two separate peaking generators driven by a single jet engine, and two gas-fired combustion turbines serving a single steam-electrical generator (Acid Rain Phase II Units).

### PROJECT

The proposed project affects the following existing emissions unit:

| ID No. | Emission Unit Description   |
|--------|---|
| 002    | Unit 2 (Boiler No. 2) is an existing tangentially fired, dry bottom boiler firing pulverized coal as the primary fuel with a nominal generating capacity of 205 MW. |

### REGULATORY CLASSIFICATION

Title III: Based on the initial Title V permit, the facility is a major source of hazardous air pollutants.

Title IV: The facility operates emissions units that are subject to the Phase II, Federal Acid Rain Program.

Title V: The facility is classified as a "major" source of air pollution with respect to Title V of the Clean Air Act because emissions of at least one regulated criteria air pollutant exceeds 100 tons per year.

PSD: The project is located in an area designated as "attainment" or "unclassifiable" for each pollutant subject to a National Ambient Air Quality Standard. The facility is considered a "fossil fuel fired steam electric plant of more than 250 million BTU per hour of heat input", which is one of the 28 PSD source categories with the lower PSD applicability threshold of 100 tons per year. Potential emissions of at least one regulated pollutant exceed 100 tons per year. Therefore, the facility is classified as a PSD-major source of air pollution with respect to Rule 62-212.400, F.A.C., the Prevention of Significant Deterioration (PSD) of Air Quality.

NSPS: The new combustion turbines for Unit 3 are subject to Subpart GG of the New Source Performance Standards in 40 CFR 60.

### RELEVANT DOCUMENTS

- Letter with summary of waterwall tube replacement for Unit 2 received on August 26, 2002;
- Air Permit No. PSD-FL-269 (PA99-40) issued for the construction of combined cycle Unit 3;
- Current Title V Air Operation Permit No. 0050014-001-AV, as amended; and
- Department's Technical Evaluation and Preliminary Determination dated September 27, 2002.

## SECTION II. ADMINISTRATIVE REQUIREMENTS (DRAFT)

### GENERAL AND ADMINISTRATIVE REQUIREMENTS

1. **Permitting Authority:** All documents related to applications for permits to construct, modify or operate this emissions unit shall be submitted to the Bureau of Air Regulation (BAR), Florida Department of Environmental Protection (DEP), at 2600 Blair Stone Road, Tallahassee, Florida 32399-2400 and phone number 850/488-0114. Copies of these documents shall be submitted to the Compliance Authority.
2. **Compliance Authority:** All documents related to compliance activities such as reports, tests, and notifications should be submitted to the Northwest District Office at 160 Governmental Center, Pensacola, Florida 32501-5794. The phone number is 850/595-8300 and the fax number is 850/595-4417.
3. **General Conditions:** The owner and operator are subject to, and shall operate under, the attached General Conditions listed in *Appendix GC* of this permit. General Conditions are binding and enforceable pursuant to Chapter 403 of the Florida Statutes. [Rule 62-4.160, F.A.C.]
4. **Applicable Regulations, Forms and Application Procedures:** Unless otherwise indicated in this permit, the construction and operation of this project shall be in accordance with the capacities and specifications stated in the application. The facility is subject to all applicable provisions of: Chapter 403 of the Florida Statutes (F.S.); and Chapters 62-4, 62-204, 62-210, 62-212, 62-213, 62-296, and 62-297 of the Florida Administrative Code (F.A.C.). The permittee shall use the applicable forms listed in Rule 62-210.900, F.A.C. and follow the application procedures in Chapter 62-4, F.A.C. Issuance of this permit does not relieve the facility owner or operator from compliance with any applicable federal, state, or local permitting or regulations. [Rules 62-204.800, 62-210.300 and 62-210.900, F.A.C.]
5. **Permit Expiration:** For good cause, the permittee may request that this air construction permit be extended. Such a request shall be submitted to the Department's Bureau of Air Regulation at least sixty (60) days prior to the expiration of this permit. [Rules 62-4.070(4), 62-4.080, and 62-210.300(1), F.A.C.]
6. **New or Additional Conditions:** For good cause shown and after notice and an administrative hearing, if requested, the Department may require the permittee to conform to new or additional conditions. The Department shall allow the permittee a reasonable time to conform to the new or additional conditions, and on application of the permittee, the Department may grant additional time. [Rule 62-4.080, F.A.C.]
7. **Modifications:** No emissions unit or facility subject to this permit shall be constructed or modified without obtaining an air construction permit from the Department. Such permit shall be obtained prior to beginning construction or modification. [Rules 62-210.300(1) and 62-212.300(1)(a), F.A.C.]
8. **Title V Permit:** This permit authorizes construction of the proposed project and initial operation to determine compliance with Department rules. Upon completion of construction of this project, a Title V operation permit revision is required for regular operation of the new equipment. The permittee shall apply for a revised Title V operation permit prior to expiration of this permit. To apply for a Title V operation permit, the applicant shall submit the appropriate application form, compliance test results, and such additional information as the Department may by law require. [Rules 62-4.030, 62-4.050, 62-4.220, and Chapter 62-213, F.A.C.]

SECTION III. EMISSIONS UNIT SPECIFIC CONDITIONS (DRAFT)

EU 002. Unit 2 – 205 MW Coal-Fired Boiler

The proposed project affects the following existing unit:

| ID No. | Emission Unit Description   |
|--------|---|
| 002    | Unit 2 (Boiler No. 2) is a tangentially fired, dry bottom boiler firing pulverized coal as the primary fuel and distillate oil for purposes of startup and flame stabilization. It began commercial operation on April 9, 1967. The maximum heat input rate is 2246 MMBtu per hour with a nominal generating capacity of 205 MW. Particulate matter emissions are controlled by both a hot side and a cold side electrostatic precipitator. NOx emissions are reduced by separated Low-NOx Concentric Firing System (LNCFS) and separated overfired air dampers (SOFA). It is a Phase II Acid Rain Unit. The following parameters are continuously monitored for this unit: NOx, opacity, SO2, CO2, and stack gas flow. |

ADMINISTRATIVE REQUIREMENTS

1. Previous Permit Conditions: This permit authorizes the replacement of all the waterwall tubing for existing Unit 2. The following conditions are in addition to those of any other air construction or operation permits. [Rule 62-4.210, F.A.C.]

CONSTRUCTION ACTIVITIES

2. Waterwall Tube Replacement: The permittee is authorized to replace the existing waterwall tubes in Unit 2. In general, this consists of cutting the waterwall tubes from the lower ring headers just below the steam drum in the penthouse. The vertical tube length is approximately 120 feet and the total surface area is approximately 19,340 square feet. Materials will be replaced with like-kind materials and no operational or capacity increases will result from the project. The project does not involve any work on the steam drum. It is estimated that the project will be completed within approximately 20 weeks. [Applicant Request]
3. Unconfined Particulate Emissions: During the construction period, unconfined particulate emissions shall be minimized by dust suppressing techniques such as covering, enclosing, applying water or chemicals to the affected areas, or any combination of techniques, as necessary. [Rule 62-296.320(4)(c), F.A.C.]

NOTIFICATIONS AND REPORTS

4. Notifications: Within one week of beginning construction, the permittee shall notify the Compliance Authority that the project has commenced and provide a general schedule of construction activities. Within one week of completing construction, the permittee shall notify the Compliance Authority that the project has concluded and provide a general schedule of bringing the unit back on line. [Rule 62-4.210, F.A.C.]
5. PSD Applicability Report: The permittee shall maintain information demonstrating that the project did not result in any significant net emissions increase, which is defined in Rule 62-212.400(2)(e), F.A.C. as follows:

**Net Emissions Increase.** A modification to a facility results in a net emissions increase when, for a pollutant regulated under the Act, the sum of all of the contemporaneous creditable increases and decreases in the actual emissions of the facility, including the increase in emissions of the modification itself and any increases and decreases in quantifiable fugitive emissions, is greater than zero.

**Significant Net Emissions Increase.** A significant net emissions increase of a pollutant regulated under the Act is a net emissions increase equal to or greater than the applicable significant emission rate listed in Table 212.400-2, Regulated Air Pollutants – Significant Emission Rates.



**SECTION III. EMISSIONS UNIT SPECIFIC CONDITIONS (DRAFT)**

**EU 002. Unit 2 – 205 MW Coal-Fired Boiler**

The permittee shall submit an annual report to the Department of such information for a period of 5 years representative of normal post-change operations of the unit (within the period not longer than 10 years following the change). For an existing electric utility steam-generating unit, actual emissions of the unit following a physical or operational change shall equal the representative actual annual emissions of the unit following the physical or operational change. The following definition of “representative actual annual emissions” found in 40 CFR 52.21(b)(33) is adopted and incorporated by reference in Rule 62-204.800, F.A.C.

Representative actual annual emissions means the average rate, in tons per year, at which the source is projected to emit a pollutant for the two-year period after a physical change or change in the method of operation of a unit, (or a different consecutive two-year period within 10 years after that change, where the Administrator determines that such period is more representative of normal source operations), considering the effect any such change will have on increasing or decreasing the hourly emissions rate and on projected capacity utilization. In projecting future emissions the Administrator shall:

- (i) Consider all relevant information, including but not limited to, historical operational data, the company's own representations, filings with the State or Federal regulatory authorities, and compliance plans under title IV of the Clean Air Act; and
- (ii) Exclude, in calculating any increase in emissions that results from the particular physical change or change in the method of operation at an electric utility steam generating unit, that portion of the unit's emissions following the change that could have been accommodated during the representative baseline period and is attributable to an increase in projected capacity utilization at the unit that is unrelated to the particular change, including any increased utilization due to the rate of electricity demand growth for the utility system as a whole.

Each required annual report shall be submitted to the Department prior to August 1<sup>st</sup> and shall quantify operations for the previous calendar year(s).

[Rules 62-204.800, 62-210.200(11) and 62-212.400(2), F.A.C. and 40 CFR 52.21(b)(33)]

**DRAFT**

## SECTION IV. EMISSIONS UNIT SPECIFIC CONDITIONS (DRAFT)

### Appendix GC - Construction Permit General Conditions

- G.1 The terms, conditions, requirements, limitations, and restrictions set forth in this permit are "Permit Conditions" and are binding and enforceable pursuant to Sections 403.161, 403.727, or 403.859 through 403.861, Florida Statutes. The permittee is placed on notice that the Department will review this permit periodically and may initiate enforcement action for any violation of these conditions.
- G.2 This permit is valid only for the specific processes and operations applied for and indicated in the approved drawings or exhibits. Any unauthorized deviation from the approved drawings or exhibits, specifications, or conditions of this permit may constitute grounds for revocation and enforcement action by the Department.
- G.3 As provided in Subsections 403.087(6) and 403.722(5), Florida Statutes, the issuance of this permit does not convey and vested rights or any exclusive privileges. Neither does it authorize any injury to public or private property or any invasion of personal rights, nor any infringement of federal, state or local laws or regulations. This permit is not a waiver or approval of any other Department permit that may be required for other aspects of the total project which are not addressed in the permit.
- G.4 This permit conveys no title to land or water, does not constitute State recognition or acknowledgment of title, and does not constitute authority for the use of submerged lands unless herein provided and the necessary title or leasehold interests have been obtained from the State. Only the Trustees of the Internal Improvement Trust Fund may express State opinion as to title.
- G.5 This permit does not relieve the permittee from liability for harm or injury to human health or welfare, animal, or plant life, or property caused by the construction or operation of this permitted source, or from penalties therefore; nor does it allow the permittee to cause pollution in contravention of Florida Statutes and Department rules, unless specifically authorized by an order from the Department.
- G.6 The permittee shall properly operate and maintain the facility and systems of treatment and control (and related appurtenances) that are installed or used by the permittee to achieve compliance with the conditions of this permit, as required by Department rules. This provision includes the operation of backup or auxiliary facilities or similar systems when necessary to achieve compliance with the conditions of the permit and when required by Department rules.
- G.7 The permittee, by accepting this permit, specifically agrees to allow authorized Department personnel, upon presentation of credentials or other documents as may be required by law and at a reasonable time, access to the premises, where the permitted activity is located or conducted to:
- Have access to and copy and records that must be kept under the conditions of the permit;
  - Inspect the facility, equipment, practices, or operations regulated or required under this permit, and,
  - Sample or monitor any substances or parameters at any location reasonably necessary to assure compliance with this permit or Department rules.

Reasonable time may depend on the nature of the concern being investigated.

- G.8 If, for any reason, the permittee does not comply with or will be unable to comply with any condition or limitation specified in this permit, the permittee shall immediately provide the Department with the following information:
- A description of and cause of non-compliance; and
  - The period of noncompliance, including dates and times; or, if not corrected, the anticipated time the non-compliance is expected to continue, and steps being taken to reduce, eliminate, and prevent recurrence of the non-compliance.

The permittee shall be responsible for any and all damages, which may result and may be subject to enforcement action by the Department for penalties or for revocation of this permit.

- G.9 In accepting this permit, the permittee understands and agrees that all records, notes, monitoring data and other information relating to the construction or operation of this permitted source which are submitted to the Department may be used by the Department as evidence in any enforcement case involving the permitted source arising under the Florida Statutes or Department rules, except where such use is prescribed by Sections 403.73 and 403.111, Florida Statutes. Such evidence shall only be used to the extent it is consistent with the Florida Rules of Civil Procedure and appropriate evidentiary rules.

**SECTION IV. EMISSIONS UNIT SPECIFIC CONDITIONS (DRAFT)**

**Appendix GC - Construction Permit General Conditions**

- G.10 The permittee agrees to comply with changes in Department rules and Florida Statutes after a reasonable time for compliance, provided, however, the permittee does not waive any other rights granted by Florida Statutes or Department rules.
- G.11 This permit is transferable only upon Department approval in accordance with Florida Administrative Code Rules 62-4.120 and 62-730.300, F.A.C., as applicable. The permittee shall be liable for any non-compliance of the permitted activity until the transfer is approved by the Department.
- G.12 This permit or a copy thereof shall be kept at the work site of the permitted activity.
- G.13 This permit also constitutes:
- (a) Determination of Best Available Control Technology (not applicable to project);
  - (b) Determination of Prevention of Significant Deterioration (not applicable to project); and
  - (c) Compliance with New Source Performance Standards (not applicable to project).
- G.14 The permittee shall comply with the following:
- (a) Upon request, the permittee shall furnish all records and plans required under Department rules. During enforcement actions, the retention period for all records will be extended automatically unless otherwise stipulated by the Department.
  - (b) The permittee shall hold at the facility or other location designated by this permit records of all monitoring information (including all calibration and maintenance records and all original strip chart recordings for continuous monitoring instrumentation) required by the permit, copies of all reports required by this permit, and records of all data used to complete the application or this permit. These materials shall be retained at least three years from the date of the sample, measurement, report, or application unless otherwise specified by Department rule.
  - (c) Records of monitoring information shall include:
    - 1. The date, exact place, and time of sampling or measurements;
    - 2. The person responsible for performing the sampling or measurements;
    - 3. The dates analyses were performed;
    - 4. The person responsible for performing the analyses;
    - 5. The analytical techniques or methods used; and
    - 6. The results of such analyses.
- G.15 When requested by the Department, the permittee shall within a reasonable time, furnish any information required by law, which is needed to determine compliance with the permit. If the permittee becomes aware that relevant facts were not submitted or were incorrect in the permit application or in any report to the Department, such facts or information shall be corrected promptly.