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January 6, 1997

**RECEIVED**  
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BUREAU OF  
AIR REGULATION

Mr. Brian Beals, Chief  
Preconstruction/HAP Section  
Air and Radiation Technology Branch  
U.S. Environmental Protection Agency, Region IV  
Atlanta Federal Center  
100 Alabama Street, Southwest  
Atlanta, Georgia 30303-3104

Re: Request for Assistance in PSD Applicability Determination  
FPC Petroleum Coke Use at Crystal River Units 1 and 2

Dear Mr. Beals:

Thank you for considering Florida DEP's December 24, 1996 letter requesting EPA's opinion concerning the applicability of the "capable of accommodating" PSD exemption in the context of Florida Power Corporation's (FPC's) application to combust a 5% petcoke blend at coal-fired Crystal River Units 1 and 2. This letter is to apprise EPA of some important facts concerning this issue and to request an opportunity to provide additional input.

Crystal River originally was constructed and operated as a coal-fired plant. Unit 1 (400 MW) combusted coal from initial start-up (October, 1966) until March, 1970, and then again from June, 1979 to the present. Unit 2 (500 MW), similarly, fired coal from start-up (November, 1969) until November, 1971, and then again from 1976 to the present. During the intervening years (9 years out of 30 for Unit 1, 5 years out of 27 for Unit 2) each unit combusted No. 6 fuel oil. However, during the period in which oil was being utilized, the Crystal River plant remained "capable of accommodating" solid fuel because the original appurtenances utilized for coal receiving (barge unloader), transferring (bucket wheel and conveyors), preparing (crusher and pulverizer), and ash handling remained on-site and available

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for operation. Moreover, the boiler adjustments associated with switching Crystal River Units 1 and 2 from oil back to solid fuel were substantially less extensive than the adjustments made in the Bridgeport Harbor case, which is cited on page 3 of DEP's letter. In July 28, 1983 guidance, EPA characterized the Bridgeport Harbor boiler changes as "minimal compared to the costs of a coal conversion, and represents only minor adjustments to equipment already in place." Region IV's guidance from this same period emphasized that a primary consideration is whether the alternative fuel is "designed into the source." Coal obviously was "designed into the source" at Crystal River, and the only adjustments made to the Crystal River units to resume coal-firing in the 1970's, other than changing out the burners, involved comparatively minor adjustments to the superheaters.

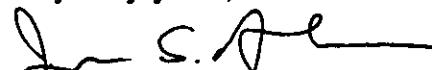
Based on the regulatory language and applicable precedents, Crystal River Units 1 and 2, as well as the overall plant, continuously were capable of accommodating coal prior to 1975 and throughout the 1970s. Because coal has been combusted since then, and petcoke and coal handling are indistinguishable, the "capable of accommodating" exemption squarely applies to the current petcoke project. DEP's citation to the 1995 orimulsion issues is irrelevant; EPA's June 26, 1995 letter in that case indicated that the Bridgeport Harbor precedent remains applicable where the original plant and boilers were designed to accommodate the alternative fuel. (In the January 18, 1990 Detroit Edison precedent, EPA observed that Detroit Edison had not constructed equipment necessary to deliver the alternative fuel to the plant prior to 1975.) FPC not only originally contemplated solid fuel at the Crystal River Plant, but actually utilized coal for several years before ever using oil. And the capability to accommodate solid fuel at Crystal River has been continuous since coal was first combusted in the 1960's. Moreover, insofar as EPA's 1990 precedents (described above) are viewed as over-ruling the 1983 guidance, instead of reaching different conclusions based on distinguishable facts, certainly there is no basis for applying this new guidance retroactively to the recommencement of coal utilization in 1976 and 1979 at the Crystal River Plant.

DEP's reference to "major" boiler modifications seemingly avoids the primary consideration: Whether the boiler modifications were "major" in the context of applicable precedent addressing the "capable of accommodating" issue. Applicable precedent clearly establishes that the boiler changes at Crystal River in the 1970's were not major for purposes of answering this question; the "capable of accommodating" PSD exemption applies because solid fuel was "designed into the source" at the Crystal River Plant prior to 1975 and the adjustments attributable to recommencing coal utilization were typically minor. Also, please note that the mid-1970's pollution control improvements cited by DEP were necessary due to implementation of the Florida SIP; (e.g., better particulate matter control and, correspondingly, upgraded ash handling, was required under DEP's new regulations), and these improvements have no bearing on PSD applicability issues.

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Thank you for considering this information. We would appreciate the opportunity to participate in your dialogue with DEP on these issues.

Very truly yours,



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