

Department of Environmental Protection

Lawton Chiles
Governor

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

Virginia B. Wetherell
Secretary

November 5, 1998

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. A. K. Sharma
Director of Power Supply
Kissimmee Utility Authority
1701 West Carroll Street
Kissimmee, Florida 34741

Re: DEP File No. 0970043-005-AC (PSD-FL-182B)
Cane Island Unit 1 - 40 Megawatt Simple Cycle Combustion Turbine

Dear Mr. Sharma:

Enclosed is one copy of the Draft Air Construction Permit Modification for the extension of the nitrogen oxides emission limit compliance date to January 1, 2000 for the 40 MW General Electric LM6000PA simple cycle combustion turbine at the Cane Island facility near Intercession City, Osceola County. The Department's Intent to Issue Air Construction Permit Modification and the "PUBLIC NOTICE OF INTENT TO ISSUE AIR CONSTRUCTION PERMIT MODIFICATION" are also included.

The "PUBLIC NOTICE OF INTENT TO ISSUE AIR CONSTRUCTION PERMIT MODIFICATION" must be published within 30 (thirty) days of receipt of this letter. 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 amendment.

Please submit any written comments you wish to have considered concerning the Department's proposed action to A. A. Linero, P.E., Administrator, New Source Review Section at the above letterhead address. If you have any other questions, please contact Teresa Heron at 850/921-9529 or Mr. Linero at 904/921-9523.

Sincerely,

for C. H. Fancy, P.E., Chief,
Bureau of Air Regulation

CHF/aal

Enclosures

In the Matter of an
Application for Permit Modification by:

Kissimmee Utility Authority
1701 West Carroll Street
Kissimmee, Florida 34741

DEP File No. 0970043-005-AC
Permit PSD-FL-182B
Cane Island Unit 1
Osceola County

INTENT TO ISSUE AIR CONSTRUCTION PERMIT MODIFICATION

The Department of Environmental Protection (Department) gives notice of its intent to issue an air construction permit modification (copy of DRAFT Permit modification attached) for the proposed action, as detailed in the application specified above, for the reasons stated below.

The applicant, Kissimmee Utility Authority applied on April 24, 1998, to the Department for an air construction permit modification to extend the final nitrogen oxides emissions compliance date for its simple cycle combustion turbine located at the Cane Island facility near Intercession City, Osceola County.

The Department has permitting jurisdiction under the provisions of Chapter 403, Florida Statutes (F.S.), and Florida Administrative Code (F.A.C.) Chapters 62-4, 62-210, and 62-212. The above action is not exempt from permitting procedures. The Department has determined that an air construction permit modification is required to extend the final date until January 1, 2000 to comply with the lower nitrogen oxides emission standard (15 ppm).

The Department intends to issue this air construction permit modification based on the belief that reasonable assurances have been provided to indicate that operation of these emission units will not adversely impact air quality, and the emission units will comply with all appropriate provisions of Chapters 62-4, 62-204, 62-210, 62-212, 62-296, and 62-297, 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 Modification." 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 modification 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 thirty days from the date of publication of "Public Notice of Intent to Issue Air Permit Modification." 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 written 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 modification 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.

PUBLIC NOTICE OF INTENT TO ISSUE AIR CONSTRUCTION PERMIT MODIFICATION

STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

Kissimmee Utility Authority Cane Island Unit 1
DEP File No. 0970043-005-AC, PSD-FL-182B
Osceola County

The Department of Environmental Protection (Department) gives notice of its intent to issue an air construction permit modification to Kissimmee Utility Authority (KUA) for its Cane Island Unit 1 located near Intercession City, Osceola County. A Best Available Control Technology (BACT) determination was not required for this modification pursuant to Rule 62-212.400, F.A.C. and 40 CFR 52.21, Prevention of Significant Deterioration (PSD). The applicant's name and address are: Kissimmee Utility Authority, 1701 West Carroll Street, Kissimmee, Florida 34741.

This existing facility consists of a 40 megawatt (MW) General Electric LM6000PA gas-fired simple cycle combustion turbine and a 120 MW General Electric 7EA gas-fired combined cycle unit (combustion turbine with a heat recovery steam generator). The nitrogen oxides (NO_x) emission limit applicable to the LM6000PA (Unit 1) is 25 parts per million (ppm) or 36 pounds per hour (lb/hr). By January 1, 1999 this combustion turbine must comply with a limit of 15 ppm or 22 lb/hr.

KUA requests additional time to meet the lower limit using Dry Low Emissions technology. This will allow General Electric additional time to develop solutions based on recent testing conducted in Ohio and Florida. A similar developmental program by General Electric resulted in typical emissions less than 7 ppm by Dry Low NO_x technology from the larger 7EA gas combustion turbine at Cane Island, even though it has a limit of 15 ppm.

The difficulties in achieving the lower values are related to the high firing temperature and high compression ratio of the aero-derivative LM6000 series. The Department will allow only one more year (January 1, 2000) and will require KUA to address the permanent solution during the course of the Site Certification and PSD permitting of a new 250 MW General Electric PG7241FA combined cycle unit planned for Cane Island.

The Department will issue the final permit modification 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 30 (thirty) days from the date of publication of "Public Notice of Intent to Issue Air Construction Permit Modification." 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 written 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 modification 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 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, as well as the rules and statutes which entitle the petitioner to relief; and (f) A demand for relief.

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:

Department of Environmental Protection
Bureau of Air Regulation
111 S. Magnolia Drive, Suite 4
Tallahassee, Florida 32301
Telephone: 850/488-0114
Fax: 850/922-6979

Department of Environmental Protection
Central District Office
3319 Maguire Boulevard, Suite 232
Orlando, Florida 32803-3767
Telephone: 407/894-7555
Fax: 407/897-2966

The complete project file includes the Draft Permit modification, the application, and the information submitted by the responsible official, exclusive of confidential records under Section 403.111, F.S. Interested persons may contact the New Resource Review Section at 111 South Magnolia Drive, Suite 4, Tallahassee, Florida 32301, or call 850/488-0114, for additional information.

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.

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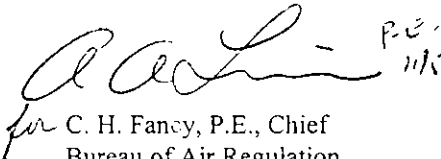
In addition to the above, a person subject to regulation has a right to apply for a variance from or waiver of the requirements of particular rules, on certain conditions, under Section 120.542 F.S. The relief provided by this state statute applies only to state rules, not statutes, and not to any federal 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.


for C. H. Fancy, P.E., Chief
Bureau of Air Regulation

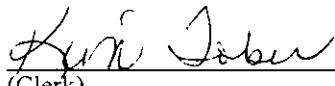
CERTIFICATE OF SERVICE

The undersigned duly designated deputy agency clerk hereby certifies that this INTENT TO ISSUE AIR CONSTRUCTION PERMIT MODIFICATION (including the PUBLIC NOTICE, and DRAFT permit modification) was sent by certified mail (*) and copies were mailed by U.S. Mail before the close of business on 11-5-98 to the person(s) listed:

A. K. Sharma, Kissimmee Utility Authority *
D. D. Schultz, P.E., Black & Veatch
Jeff Ling, KUA
Doug Neeley, EPA
John Bunyak, NPS
Len Kozlov, CD

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.


(Clerk) 11-5-98
(Date)

December xx, 1998

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. A. K. Sharma
Director of Power Supply
Kissimmee Utility Authority
1701 West Carroll Street
Kissimmee, Florida 34741

Re: DEP File No. 0970043-005-AC (PSD-FL-182B)
NO_x Compliance Date - Cane Island Unit 1

Dear Mr. Sharma: "

The Department has reviewed your request dated April 15, 1998 to indefinitely operate Cane Island Unit 1 at its currently applicable NO_x emission rate of 15 ppm. The Department believes that a one year extension will provide sufficient time for General Electric to conduct and evaluate tests on similar units in Ohio and Florida and to present KUA with suitable alternatives. The permit for Unit 1 is hereby amended as follows:

SPECIFIC CONDITION NO. 15B AND TABLE 1, NOTE B:

The 40 MW simple cycle unit (LM6000PA) shall achieve a maximum NO_x emission level of 15 (gas)/42 (oil) ppmv by 1/1/99 2000.

A more precise plan to comply with the Unit 1 NO_x limits must be developed in the course of the ongoing Certification of the Cane Island Unit 3, which will include certification of existing Units 1 and 2. The Department acknowledges that the larger General Electric 7EA combined cycle unit at Cane Island met the 15 ppm requirement and typically achieves less than 7 ppm at full load.

A copy of this letter shall be filed with the referenced permit and shall become part of the permit. This permit modification is issued pursuant to Chapter 403, Florida Statutes. Any party to this order (permit modification) has the right to seek judicial review of it under Section 120.68, F.S., by the filing of a Notice of Appeal under Rule 9.110 of the Florida Rules of Appellate Procedure with the Clerk of the Department of Environmental Protection in the Office of General Counsel, Mail Station 35, 3900 Commonwealth Boulevard, Tallahassee, Florida, 32399-3000, and by filing a copy of the Notice of Appeal accompanied by the applicable filing fees with the appropriate District Court of Appeal. The Notice of Appeal must be filed within (thirty) days after this Notice is filed with the Clerk of the Department.

Sincerely,

Howard L. Rhodes, Director
Division of Air Resources
Management

HLR/aal