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Bureau of
Air Regulation

July 25, 1995

Farzie Shelton
ENVIRONMENTAL COORDINATOR, Ch E.

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DIVISION OF AIR
RESOURCES MANAGEMENT

*Howard
7/26*

VIA HAND DELIVERY

Howard L. Rhodes, Director
Division of Air Resources Management
Department of Environmental Protection
Magnolia Park Courtyard
Tallahassee, FL 32301

**RE: City of Lakeland C.D. McIntosh Unit No. 3--Requested
Amendment to PSD Permit No. PSD-FL-008**

Dear Howard:

As you may recall, the City of Lakeland originally submitted a request to amend the Prevention of Significant Deterioration (PSD) permit for its C.D. McIntosh Unit No. 3 on January 4, 1995, and subsequently revised that request on April 6, 1995. The City's revised request to amend the PSD permit focused on the sulfur dioxide emission limit and removal efficiencies. In response to the City's request, the Department sent the City a proposed PSD permit amendment along with an "Intent to Issue" the permit amendment, which the City received on July 17, 1995. While the City appreciates the responsiveness of the Department to its request and for agreeing to a more reasonable sulfur dioxide removal efficiency, the City still has concerns about the permit amendment language being proposed by the Department, as described below.

Because the City has concerns about the draft permit amendment proposed by the Department and because it believes these concerns can be resolved through further negotiations, the City has asked for a three-month extension of the time within which a formal petition for administrative hearing may be requested. It is the City's understanding that the Department has no objection to its request. The City is hopeful that it will be able to resolve any concerns regarding the draft permit amendment language suggested by the Department within this three-month period. It may be necessary, of course, to obtain a further extension in the future if the City is not able to achieve a timely resolution.

In addition, as you may recall, the City requested a modification of its site certification for Unit No. 3 in December of 1994, and that request was held in abeyance pending the outcome of the PSD permit revision issues. Once these issues in the current permit revision have been

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finally resolved (following public notice and issuance of a final permit amendment), the City would like to submit a supplemental permit revision request that would address the use of petroleum coke. At that time, the request for site certification modification would again be reviewed by the Department. It is the City's understanding that no additional processing fees are needed since the Department's review has been ongoing and the underlying request for site certification modification has not changed. If this understanding is not correct, please notify us immediately.

After you and your staff have had an opportunity to review the information being provided, the City would like to set up a meeting to discuss the issues being raised by the City.

1. *Sulfur Dioxide Emission Limits and Removal Efficiencies:* The City is still somewhat concerned about the potential impacts of the Department's proposed sulfur dioxide emission limits and required sulfur dioxide removal efficiencies. What was proposed by the Department, as described in the Department's preliminary evaluation, "lies roughly mid-way between the City's proposal and the Final Subpart Da limits." While the City appreciates relief from the current permit conditions as well as from the NSPS Subpart Da limits, the City has some questions about the total annualized costs of complying with the limits and removal efficiencies being proposed by the Department. The City continues to believe that its proposal was justifiable, especially since the suggested limits were *below* other limits determined by the U.S. Environmental Protection Agency to be "Best Available Control Technology" subsequent to the time that the City's original 1978 permit was issued. While the City has not yet had an opportunity to fully analyze the costs of complying with what has been proposed by the Department, because the Department has been willing to work with the City on a compromised approach and the City would like to see this aspect of the permit revision finalized so the City can begin to address the possibility of using petroleum coke as a fuel at Unit No. 3, the City will accept what has been proposed by the Department for sulfur dioxide in Specific Condition 2.B. *if* it is able to reach an amicable resolution on the nitrogen oxides issue discussed below.

2. *Nitrogen Oxides Emissions Limit:* The City of Lakeland, as you know, did not propose to make any physical or operational changes as a result of the requested clarification of Specific Condition 2.B. regarding the sulfur dioxide emissions limit and removal efficiency. Certainly no change was requested regarding the nitrogen oxides emissions limit in Specific Condition 4.A. As the Department states in its technical evaluation and preliminary evaluation dated July 10, 1995, the U.S. Environmental Protection Agency established the nitrogen oxides limit of 0.7 lb/mmBtu as "Best Available Control Technology" when the permit was originally issued in 1978. Further, the nitrogen oxides emissions limit under New Source Performance Standard (NSPS) Subpart D is 0.7 lb/mmBtu, and the current emissions limit for Unit No. 3 is consistent with that limit. The Subpart Da limit of 0.6 lb/mmBtu for nitrogen oxides which the Department is attempting to establish to Unit No. 3 *does not apply*. The Department states in

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its own technical evaluation and preliminary evaluation that the C.D. McIntosh Unit No. 3 is subject to Subpart D and *not* Subpart Da. It is therefore appropriate, since both the applicable NSPS and EPA's BACT determination establish the appropriate nitrogen oxides emissions limit as 0.7 lb/mmBtu, that the Department make no changes and retain the current limit.

What is more, if the PSD permit were to establish a nitrogen oxides emissions limit of 0.6 lb/mmBtu based on a thirty-day rolling average, the three-hour limit of 0.7 lb/mmBtu would still apply under NSPS Subpart D. With a thirty-day rolling average, a three-hour average could be above 0.7 lb/mmBtu as long as the thirty-day average was 0.6 lb/mmBtu or lower. Therefore, the City would effectively be subject to two different emission limits for nitrogen oxides--a three-hour limit of 0.7 lb/mmBtu and a thirty-day rolling average limit of 0.6 lb/mmBtu. This would be administratively difficult to track, and it would be much more appropriate for the Department to have only one limit and to retain the limit of 0.7 lb/mmBtu, based on a three-hour average.

In addition, the Department has not indicated that ambient air quality, PSD increments, or public safety or welfare is being jeopardized by the existing emissions limit for nitrogen oxides. Because no physical or operational change is being made which affects nitrogen oxides emissions and the Department has no statutory or regulatory authority to arbitrarily change emission limits, the City respectfully requests that no change be made to Specific Condition 4.A. and that the nitrogen oxides limit remain 0.7 lb/mmBtu when firing coal or coal/refuse.

Again, the City would like to thank you and your staff for your cooperation and responsiveness to its request. I will call your office within the next few days to schedule a meeting to discuss these issues in more detail in an effort to reach an amicable resolution of this matter. Please feel free to call me if you have any questions in the meantime.

Sincerely,



Farzie Shelton
Environmental Coordinator

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cc: Clair Fancy, DEP
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