

Department of Environmental Protection

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Colleen M. Castille
Secretary

September 23, 2005

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Theodore D. Kennedy, V.P Palatka Operations
Georgia-Pacific Corporation
P.O. Box 919
Palatka, FL 32178

Re: **Request for Additional Information – Project Status Update**
Georgia-Pacific Corporation, Palatka Mill
Project No. 1070005-030-AC - Lime Kiln Shell Replacement
Project No. 1070005-033-AC - No. 4 Combination Boiler Modification

Dear Mr. Kennedy:

The purpose of this letter is to remind you that the above applications for air permits remain incomplete. However, there are several ongoing related issues at the Palatka Mill. This letter will also serve as a general summary of each of these issues.

Multiple Contemporaneous Applications

Within the past year, Georgia-Pacific submitted separate PSD applications for the bark hog project, the lime kiln shell replacement project, and the No. 4 combination boiler project. Georgia-Pacific is also preparing to submit a separate application to modify the existing No. 4 recovery boiler. In addition, Georgia-Pacific intends to modify the application for the lime kiln shell replacement project to add petcoke as an authorized fuel. These projects are being planned within the same relative time frame and the Department believes the projects are sufficiently related in terms of PSD preconstruction review. The projects should be combined for review to determine PSD applicability, BACT determinations, and modeled impacts. The Department is concerned with the proper application of the PSD preconstruction review requirements for the pending projects. These concerns have been previously relayed to the plant through the permitting process and phone conversations as well as during the recent September 12th teleconference.

Permit No. PSD-FL-341 - Bark Hog Expansion Project

During January of 2005, the Department issued a permit to expand the wood/bark hog handling operations at the plant. This project now appears to be related to the increased wood/bark feed rate for the No. 4 combination boiler project. Emissions impacts from the related projects should be reviewed together. The bark hog emissions should be included in your modeling and analysis for the lime kiln and No. 4 combination boiler projects.

Project No. 1070005-030-AC - Lime Kiln Shell Replacement

This PSD application to modify the existing lime kiln was submitted in September of 2004. By July 2005, it appeared that Georgia-Pacific and the Department had resolved most of the outstanding issues. However, the latest submittal of additional information included an ambient air quality analysis that indicated modeled exceedances of the Ambient Air Quality Standard and PSD Increment for particulate matter. The area of concern is near a saw mill facility that is also owned by Georgia-Pacific. In a July 26th letter, the Department indicated that the modeled exceedances must be investigated and resolved before a draft permit for the lime kiln project could be issued. This problem, as well as the Department's concerns regarding the multiple contemporaneous applications, was discussed during a September 12th teleconference with Georgia-Pacific.

On September 13th, we discussed several issues by phone with personnel from the Palatka Mill. The plant intends to modify the application for the lime kiln shell replacement project to add petcoke as an authorized fuel. This is expected to

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substantially change the emissions for the project as well as PSD applicability. This application remains incomplete due to the issues regarding potential adverse particulate matter impacts, multiple contemporaneous applications, and petcoke firing.

Project No. 1070005-033-AC - No. 4 Combination Boiler

In June of 2005, the Department received your application for a PSD air construction permit for the existing No. 4 combination boiler at the Palatka Mill. To increase the bark/wood firing capacity of the boiler, the following modifications are proposed: install a bark/wood feed system including replacement of the existing bark bin with a live bottom bark/wood bin; upgrade the bark/wood fuel delivery system to accommodate the modified feed system; install an underfire air (UFA) system; upgrade the existing overfire air (OFA) system; install a new ash removal system to handle increased ash generation; and repair warped plates on existing electrostatic precipitator and optimize rapping rates to improve control efficiency. The Department requested additional details to clarify the netting analysis (Table 3-3) used to determine which pollutants would be subject to PSD preconstruction review. For example, the lime kiln replacement project was included in this analysis as if a PSD permit were issued and the project had commenced construction, which is not the case.

On August 26th, the Department received your response to our initial request for additional information. The response seems to indicate the following as Georgia-Pacific's position: each of the identified projects is separate and distinct; all contemporaneous increases and decreases were included in the netting analysis; and the netting analysis properly includes all permitted projects. It also mentions that another PSD application will be submitted shortly for the No. 4 recovery boiler, which is again identified as a separate and distinct project. The response also suggests that the No. 4 recovery boiler project could be constructed before the No. 4 combination boiler project, in which case the netting analysis would be revised. The Department has concerns with regard to this approach to PSD preconstruction review for multiple projects.

GP Palatka Sawmill - Particulate Matter Issues

As previously mentioned, the air quality modeling analysis supporting the lime kiln shell replacement project shows modeled potential exceedances near Georgia-Pacific's Palatka sawmill facility. On September 12th, Georgia-Pacific and the Department held a teleconference to clarify this issue. Georgia-Pacific identified that the saw mill facility appeared to be causing the predicted exceedances and that options to mitigate the problem were being developed. The Department intends to treat the issue as it would if the facilities were separately owned.

On September 16th, the Department received an email from Georgia-Pacific that committed to resolving the modeled exceedances as quickly as possible and presented an action plan. The Department appreciates the prompt response to this issue. For pending projects to proceed, the Department believes the following are necessary:

- The recent projects for the Palatka Mill should be combined and reviewed as a single project. The combined emissions impacts should be modeled to determine whether or not the "combined project" is causing or contributing to a significant impact near the sawmill facility. As stated previously, these activities constitute one PSD project and must be reviewed as such.
- If it is determined that the "combined project" does not cause or contribute to the modeled problems, a draft permit may be issued for the combined project. The Department will continue to work with Georgia-Pacific to resolve the sawmill issue independently.
- If it is determined that the "combined project" causes or contributes to the modeled problems, the issue must be resolved before a draft permit can be issued. The Department will need a federally enforceable plan of action for this sawmill prior to issuing the combined project.

To resolve the modeled particulate matter problems, it is recommended that the sawmill facility apply for a minor source air construction permit. This would require a 14-day public notice and comments period. The application should include an ambient air quality analysis that shows the modeled problems will be resolved by implementing the conditions specified in the permit. Many of the items included in the action plan should be included in the application. The purpose of the draft permit would be to identify the measures being taken to mitigate the problem and provide the necessary enforceable mechanism. Once the enforceable air construction permit is issued, the reduced emissions from the sawmill facility can be used in an ambient air quality analysis to support an air permit application for the Palatka Paper Mill. It will be possible to modify the draft permit as necessary to support the actual corrective actions be taken.

Conclusion

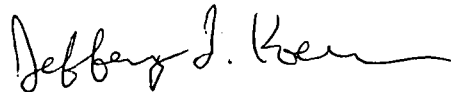
The applications for the lime kiln shell replacement and the No. 4 combination boiler are incomplete. The Department requests a revised PSD netting analysis to include all contemporaneous emissions increases and decreases. At this point, the

Department believes that the bark hog project, lime kiln shell replacement (plus petcoke), the No. 4 combination boiler modifications, and the No. 4 recovery boiler modifications should be reviewed for PSD applicability as a single project.

The Department will resume processing your applications after receipt of the requested information. Rule 62-4.050(3), F.A.C. requires that all applications for a Department permit must be certified by a professional engineer registered in the State of Florida. This requirement also applies to responses to Department requests for additional information of an engineering nature. For any material changes to the application, please include a new certification statement by the authorized representative or responsible official. You are reminded that Rule 62-4.055(1), F.A.C. requires applicants to respond to requests for information within 90 days or provide a written request for an additional period of time to submit the information.

It is our understanding that Georgia-Pacific is internally reviewing the issue of multiple contemporaneous applications and may have a different opinion. We welcome the opportunity to meet with you to discuss further details and develop a strategy for proceeding. If you have any questions regarding this matter, please call me at 850/921-9536.

Sincerely,



Jeffery F. Koerner, P.E.
Air Permitting North Program

cc: Myra Carpenter, GP
David Buff, Golder Associates Inc
Greg Worley, EPA Region 4
John Bunyak, NPS
Chris Kirts, NED