

HOPPING BOYD GREEN & SAMS

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MAY 26 1992

Division of Air
Resources Management

May 22, 1992

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BY HAND-DELIVERY

Ms. Patricia Comer, Esquire
Office of General Counsel
Department of Environmental Regulation
Twin Towers Office Building
2600 Blair Stone Road, Room 668
Tallahassee, FL 32399-2400

Re: Fort Pierce Utilities Authority - Units 6-8
DOAH Case No. 91-6989
OGC Case No. 1610

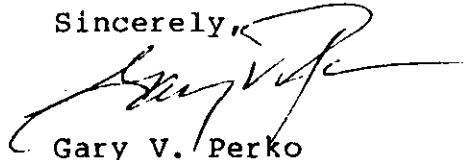
Dear Ms. Comer:

For you information, I have enclosed a copy of a conference memorandum drafted by Steve Day of Black & Veatch, summarizing the agreement reached in his conference call with Preston Lewis, Stephanie Brooks, and Harry Lamb on Monday, May 18, 1992.

Peter Cunningham and I would appreciate an opportunity to meet with you on Friday, May 29, 1992, to discuss any remaining issues. I will be out of town until Wednesday, May 28, but you can reach my secretary, Kim Messer, to let us know if you are available on the 29th. Both Peter and I can meet at any time on that date.

We appreciate your cooperation and hope to meet with you soon.

Sincerely,



Gary V. Perko

/kkm:Comer

Enclosure

cc: Preston Lewis
Stephanie Brooks
Steve Day
Harry Lamb

BLACK & VEATCH

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To	MARY PERRO	From
Co.	H B G + S	Co.
Dept.		Phone #
Fax #	404-224-8551	Fax #

TELEPHONE MEMORANDUM

Fort Pierce Utilities Authority
Air Relicensing Units 6, 7, and 8
Emission Limits for Emergency Oil
Operation

B&V Project 16589.070
B&V File 32.0000
May 22, 1992
8:30 am

To: Preston Lewis, Stephanie Brooks, Harry Lamb
Company: FDER, FDER, FPUA
Phone No.: 904-488-1344; 407-433-2650; 407-464-5792

Recorded by: S. M. Day *SM Day*

A conference call was held on Monday, May 18 and completed on Tuesday May 19 to discuss the proposed air emission limits for the FPUA H.D. King Units 6, 7, and 8 during emergency operation on oil.

Steve Day began with a review of the history of the current licensing request to renew the operating permits for Units 6, 7, and 8. In the expired permits, the units were allowed to operate on oil during an interruption in the natural gas supply. If the units operate for more than 400 hours per year on oil, then FPUA was required to undertake testing of the units and an ambient air monitoring program.

When Unit 9 was permitted on gas, it would have had significant emissions for CO and NO_x. However, FPUA chose to commit to a reduction in the operation of its Units 6, 7, and 8 to obtain sufficient air emission offsets so that there would be no significant air emission increases for these pollutants.

However, FPUA at that time, also provided DER with air emission estimates for VOC, PM, and SO₂ for Units 6, 7, and 8 based on the burning of natural gas in these units. Although Unit 9 had no significant emissions for these pollutants, the Unit 9 permit included limitations on the hourly and annual emission rates for all 5 pollutants, rather than just the two needed as credits for permitting Unit 9. It was not FPUA's intent to restrict Units 6, 7, and 8 from ever burning oil in these units under limited conditions, however through the mistake made at the time, the condition in the Unit 9 permit effectively prohibited all oil burning in these units.

The Unit 9 permit has been modified to provide relief on the limitations on VOC, PM and SO₂ on the Units 6, 7, and 8, during the emergency burning of oil but maintains the same limits on CO and NO_x to protect the prior authorized emission credits needed for the permitting of Unit 9 outside the PSD process. FPUA does not need any relaxation of the CO or NO_x limits in order to burn up to 400 hours per year of oil in Units 7, or 8.

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TELEPHONE MEMORANDUM

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Fort Pierce Utilities Authority
Air Relicensing Units 6, 7, and 8
Emission Limits for Emergency Oil
Operation

B&V Project 16589.070
May 22, 1992

The current FPUA request is to allow the Units 6, 7, and 8 permits to be reissued with the authorization for burning oil under emergency conditions, up to 400 hours per year in Units 7 or 8. FPUA has submitted dispersion modeling showing compliance with air quality standards when burning oil. FPUA has also committed to burning oil only under emergency conditions, which means that insufficient gas is available and that no electrical purchases are available from the electrical grid.

The DER staff pointed out that the requested 400 hours of oil would cause significant increases in potential SO₂ and VOC emissions if this were to be considered as a new authorization. The DER was particularly concerned about the potential for SO₂ emissions from 400 hours of operation of Unit 7 at 2.75 pounds per million Btu emission rate. DER also insisted that a combined 400 hour limitation would necessitate a combined air permit for the three units. The DER staff also recognized that a mistake in the prior permitting process could perhaps be corrected without triggering PSD review, but remained concerned about authorizing the 2.75 pounds per million Btu SO₂ emission rate from Unit 7.

After continued discussions, the DER staff said that they would support a permit renewal which authorized up to 400 combined hours of emergency oil operation as long as FPUA would agree to using only low sulfur fuel oil (0.8 pounds per million Btu) in any of the Units 6, 7, or 8 and to the issuance of a single permit for the three units. As a settlement offer, FPUA agreed to these conditions in return for the renewal of the operating permits with the ability to burn oil in the specified emergency conditions. DER staff agreed to support the renewals with these additional conditions without PSD review.

I N T E R O F F I C E M E M O R A N D U M

Date: 21-May-1992 12:00pm EST
From: Patricia Comer (TAL)
COMER_P
Dept: Office General Counsel
Tel No: 904/488-9730

TO: Preston Lewis (TAL)
TO: Isidore Goldman (WPB)

(LEWIS_P)
(GOLDMAN_I)

Subject: fort pierce utilities

ATTORNEY CLIENT PRIVILEGE INFORMATION/ NOT FOR DISCLOSURE
I talked to gary Perko today and he said you folks had talked to the consultants for FPU and resolved at least some issues about this case. There is one matter that I have to have addressed directly, however. And I don't have the file, the history knowledge or the technical expertise to do it. What I need to know is: How does PSD fit into this oil-burning-induced emissions limit raising? Are we looking at only those emissions limited when unit 9 came on or are we now looking at other operations changes that would trigger the review process? What are we looking at and what limits do we need to impose to avoid PSD? How far back are we going and what changes are being factored in? Please advise me ASAP of the result of your meeting and the the PSD problem.
Thanks

HOPPING BOYD GREEN & SAMS

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March 31, 1992

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Division of Air
Resources Management

BY HAND-DELIVERY

Ms. Patricia E. Comer, Esquire
Florida Department of Environmental Regulation
Twin Towers Office Building
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Re: Fort Pierce Utilities Authority - Units 6-8
DOAH Case No. 91-6989
OGC Case No. 1610

Dear Ms. Comer:

On behalf of Fort Pierce Utilities Authority ("FPUA"), I am writing to follow up on our meeting of Friday, March 23, 1992. As you recall, in that meeting the parties tentatively agreed to the permit language proposed in your letter of December 18, 1991, provided that the annual emission limits expressed in Specific Condition 2(a)(2)(B) of your proposal are modified to allow FPUA to burn up to 400 hours of fuel oil (subject to the conditions specified in Specific Condition 2(a)(3)).

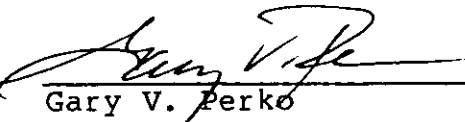
In order to resolve the pending administrative proceedings, I have drafted the attached settlement agreement for your review. Exhibit "A" of the draft agreement implements the conceptual agreement reached last Friday, by simply adding the SOx, VOC and PM emissions associated with 400 hours of oil firing (at an emissions rate of 2.75 lbs/MBtu) to the annual emission limits specified in Specific Condition 2(a)(2)(B) of your latest proposal.

Please give me a call after you have had a chance to review the draft settlement agreement.

Sincerely,

HOPPING BOYD GREEN & SAMS

By:


Gary V. Perko

Attorneys for FORT PIERCE UTILITIES
AUTHORITY

Patricia E. Comer, Esquire
January 17, 1992
Page 2

cc: Stephanie Brooks
Preston Lewis