



December 30, 1998

RECEIVED

JAN 06 1999

BUREAU OF
AIR REGULATION

Mr. Scott Sheplak
Florida Department of Environmental Protection
2600 Blair Stone Road
Tallahassee, FL 32399-2400

Subject: Draft Title V Permit for Cane Island
(0970043-002-AV)

Dear Mr. Sheplak:

The purpose of this letter is to briefly recapitulate the series of events that have taken place since the issuance by FDEP of the above draft Title V permit for Cane Island Units 1 & 2 on October 13, 1998 and my current understanding of the state of affairs of the Authority to Construct and Title V permits for not only of Units 1 & 2 at Cane Island but also for the upcoming Unit 3 at the site as well. We also provide you with some preliminary comments regarding certain operational terms and conditions which were already approved for Units 1 & 2 and which should have already been incorporated in the draft Title V permit issued by FDEP on October 13, 1998.

FDEP issued the draft Title V permit for Cane Island Units 1 & 2 on October 13, 1998 which we received at KUA a couple of days later. Although there were quite a few items in the draft permit which needed to be modified (described later) the most serious issue noted was that the draft Title V permit required Unit 1 to achieve a NOx emission level of 15 ppm beginning January 1, 1999.

In light of Unit 1's Nox requirements in the proposed Draft Title V Permit, it may be that FDEP's Operating Permit section is not fully aware of the ongoing discussions with the FDEP's New Source Section (Mr. Linero) and GE regarding Unit 1's (LM6000) NOx emission levels. The gist of these discussions has all along been to establish an appropriate time for the Cane Island Unit 1 to achieve the 15 ppm limit since GE has not been able to develop the technology for a dual fuel LM6000 Unit to meet the 15 ppm NOx limit yet and neither can GE guarantee when they will be able to do so.

Under those urgent circumstances numerous telephone conversations took place between KUA's staff, consultants (Black & Veatch), attorneys (Tasha Buford from Young, Van Assenderp et al) and FDEP's attorney's office, office of New Service Review and also your office.

After much discussion which ranged from the possibility of an extension of comment period to an administrative hearing on the issue, a compromise was reached on the basis of a suggestion from FDEP's office of New Source Review Section (Mr. Linero). The solution or the compromise for the present as I understand is as follows:

Mr. Scott Sheplack
December 30, 1998
Page 2

- a) FDEP will modify the construction permit for Cane Island Unit 1 & 2 by extending the NO_x Compliance date by another year through January 1, 2000 with the current terms and conditions in force. Since then FDEP has issued on 11/5/98 an intent to do so and KUA has published the intent in the Orlando Sentinel on November 13, 1998. After receiving no public comment, FDEP has issued the said modification on December 15, 1998.
- b) FDEP's draft Title V permit dated October 13, 1998 will be held by FDEP until the Site Certification Hearing as described below. No action will be taken on this draft Title V permit at present.
- c) As all parties concerned in the foregoing issue are aware that KUA has in August of this year filed a Site Certification Application for all 3 units at Cane Island. It was the consensus among all parties that Title V issues for Cane Island Units 1 & 2 should be considered along with those for Unit 3 at the time of the Administrative Hearing scheduled for Unit 3 environmental issues in June of 1999. In this report see copy of Mr. Linero's e-mail and Mr. Hamilton (Buck) Oven's letter attached.

I will like to hear any comments as to my above understandings.

Regarding some other items which need to be modified and incorporated in any future draft Title V permits for Units 1 & 2 are given below. I understand that Jerome Guidry of Perigee who is KUA's Plant Environmental Consultant had already some conversation with you regarding these. The specific items are as follows:

We wish to integrate into the future Title V permit the changes to our Unit's 1 & 2 construction permit AC49-205703 which was approved on August 15, 1997 and is now being extended again for one additional year. These changes addressed compliance with the NO_x emission limit using RATA data; removed the annual testing requirement for PM, sulfuric acid mist and VOC; specified that NO_x emissions should not be ISO corrected for comparison with the BACT standard; changed the frequency of excess emissions reporting to semiannually; and waived the requirement for water: fuel and fuel-bound nitrogen monitoring. Based on your conversation with Jerome Guidry in this regard, we understand that you will implement these changes. I have enclosed a copy of the permit modification for your reference.

Additional comments are detailed below.

Mr. Scott Sheplack
December 30, 1998
Page 3

Page numbering

Relates to your draft permit of October 13, 1998. However, the page numbering may be incorrect. If the total number of pages in the permit is 28, we are missing page 3. Note that page 4 suggests that the total number of pages should be 31.

Page 4 of 31, Condition 4

It is our understanding that this facility is not required to submit an RMP. However, the wording is acceptable.

Page 8 of 28, Condition A.5

The listing of tons per year under "Emission Limits" defines the equivalent annual emission as a regulatory limit. We propose to list the annual emission under a heading such as "Equivalent Emission" (see Table 1-1 in Appendix S). We also propose that these annual emission amounts be based on the burning of oil for 1,000 hours, to be consistent with Condition A.3 and Table 1-1 in Appendix S, since this facility is permitted to burn oil for 1,000 hours. For example, based on 1,000 hours on oil and 7,760 hours on gas, the annual NO_x equivalent emission would be 116.9 tons (see Table 1-1 in Appendix S); this amount differs from the 106.61 tons per year listed as an emission limit in Condition A.5.

We also propose that the emission limits for beryllium, arsenic, mercury, and lead be footnoted to indicate that the emissions are based on an emission factor, which may change. If, in the future, a higher emission factor is used to estimate emissions of these materials, then emissions estimated using that factor could be construed to indicate a violation of this emission limit.

Page 9 of 28, Condition A.6

Change "visible emissions NO_x" to read "visible emissions and NO_x."

Page 10 of 28, Condition A.11

Continuous monitoring of water:fuel ratio has been waived. See attached modification to construction permit AC49-205703.

Page 10 of 28, Condition A.13

Reporting of excess emissions has been changed to semiannually. See attached modification to construction permit AC49-205703.

Page 13 of 28, Condition B.5

See comments to Condition A.5 above.

Page 14 of 28, Condition B.6

See comments to Condition A.6 above.

Mr. Scott Sheplack
December 30, 1998
Page 4

Page 15 of 28, Condition B.11
See comments to Condition A.11 above.

Appendix S, Table 1-1

These comments apply to the tables for both emissions units. Footnote "a" should read "for natural gas using 7760 hours per year." Footnote "1" should read "7760 hours per year of gas operation."

Appendix S, Table 2-1

This comment applies to the tables for both emissions units. The annual requirement for VOC testing has been waived. See attached modification to construction permit AC49-205703.

If you have any questions regarding those specific other items beginning on page 2 of this letter, please contact me at 407/933-7777 or Jerome Guidry at 407/859-7374. Thank you.

Sincerely,



A.K. (Ben) Sharma, P.E.
Director of Power Supply

Enclosure

cc: James C. Welsh
Jeff Ling
Jerome Guidry
Mike Soltys
Amy Carlson
Tasha Buford
✓ Al Linero