

6/3/92 MEW

AES SKC PROPOSED EMISSIONS

6/3/92 MEW

AES SKC PROPOSED EMISSIONS

Per unit
592
263
0.31
0.29
MOx
0.175
30
0.175

	AES Existing Permit		SKC Proposed Sources	AES Proposed Limits		Net Increases(Decreases)
	TPY	#/MM	TPY	#/MM	TPY	AES/SKC proposed -vs- AES original permitted
SO2	4,015	0.31	765	0.240	3,118	(132)
NOx	3,767	0.29	449	0.170	2,208	(1,110)
TSP	260	0.02	33	0.020	260	33
CO	2,468	0.19	157	0.175	2,273	(38)
VOC	195	0.015	5	0.015	195	5
TOTAL	10,705		1,409		8,054	(1,242)

ASSUMPTIONS:

3 pkg blrs 125 kpph
 #2 oil 138,900 btu/gal
 blr eff 86%
 delta en 1191 btu/#
 oper hrs 8760 hrs/yr
 % sulphu 0.3%

ENERGY PERFORMANCE:

Heat Input 172.63 MMBtu/hr
 Annual heat ##### MMBtu/yr
 Annual fuel ##### gal/yr

MERCURY EMISSIONS:

Fuel concentration 0.746 ppm
 Fuel heating value 12250 btu/lb
 Control effectiveness 50%

EMISSION FACTORS:

SO2 (1) 157 #/Mgal
 NOx (2) 0.2 #/MMbtu
 CO (3) 10 #/Mgal
 VOC (3) 0.3 #/Mgal
 TSP (3) 2 #/Mgal

ANNUAL EMISSIONS (calculated):

SO2 769 tons/yr
 NOx 454 tons/yr
 CO 163 tons/yr
 VOC 5 tons/yr
 TSP 33 tons/yr

PROPOSED MERCURY LIMITS:

Emission limit 3.04E-05 lb/MMbtu
 lbs/hour (1 CFB) 0.0324 lb/hour
 tons/yr (1 CFB) 0.1318 tons/yr
 tons/yr (3 CFB) 0.3955 tons/yr

(1) Based upon 0.3% sulphur #2 oil
 (2) Based upon NSPS for high heat release blrs
 (3) Based upon EPA, EP-42 emission factors

- PRELIMINARY -

B&W - A&IS - P00190 - PKG BLR SEL/PERF. - VER 54.0 - DATE: 5/20/92 PAGE:

PROP NO. NAME OF CUSTOMER PLANT LOCATION
 P12-8078 STONE CONTAINER FL

REMARKS: SEMINOLE KRAFT

FM # 120 - 97 DESIGN PRESSURE (PSIG.): 700.

PERFORMANCE DATA

DESIGN FUEL

NATURAL GAS?	LOAD 1	LOAD 2	LOAD 3	LOAD 4
STEAM FLOW (MLB/HR)	125.00			
CONTINUOUS BLOWDOWN (%)	3.00			
OUTLET PRESSURE (PSIG.)	600.00			
OUTLET STEAM TEMP (F)	750.00			
SH PRESSURE DROP (PSIG.)	35.64			
DRUM OPER. PRESS. (PSIG.)	635.64			
EXCESS AIR (%)	15.00			
FEEDWATER TEMP (F)	220.00			
FEEDWATER TMP LVG ECON (F)	345.36			
AMBIENT AIR TEMPERATURE (F)	80.00			
INPUT IN FUEL (MKB/HR)	180.86			
FUEL FLOW (MLB/HR / MCFH)	180.86			
HEAT AVAILABLE (MKB/HR)	161.47			
FURNACE RELEASE RATE (MBTU/HR-SQ.FT.)	160.62			
FURNACE LIBERATION (MBTU/HR-CU.FT.)	93.23			
GAS WEIGHT (MLB/HR)	160.63			
AIR WEIGHT (MLB/HR)	152.33			
HEAT LOSSES (%)				
DRY GAS	4.71			
H2O FROM FUEL	10.79			
MOISTURE IN AIR	.13			
RADIATION	.47			
UNACCOUNTED FOR	1.00			
TOTAL	17.10			
CALCULATED EFFICIENCY (%)	82.90			
DRAFT LOSSES (IN.-H2O)				
BOILER	9.62			
BURNER	.00			
FLUES	.90			
DUCTS	.10			
ECONOMIZER	6.27			
TOTAL	16.88			
GAS TEMPERATURE (F MHVT)				
ENT. ECONOMIZER	688.80			
FURNACE EXIT	2442.48			
FINAL EXIT	330.00			

PREDICTED NO_x - 0.1 #/MKB
 CO - 400 PPM

- PRELIMINARY -

B&W - A&IS - P00190 - PKG BLR SEL/PERF. - VER 54.0 - DATE: 5/20/92 PAGE: 4

 PROP NO. NAME OF CUSTOMER PLANT LOCATION
 P12-8078 STONE CONTAINER FL

REMARKS: SEMINOLE KRAFT

 FM # 120 - 97 DESIGN PRESSURE (PSIG.): 700.

PERFORMANCE DATA

ALT 1 FUEL

NO. 2 FUEL	LOAD 1	LOAD 2	LOAD 3	LOAD 4
STEAM FLOW (MLB/HR)	125.00			
CONTINUOUS BLOWDOWN (%)	3.00			
OUTLET PRESSURE (PSIG.)	600.00			
OUTLET STEAM TEMP (F)	709.17			
SH PRESSURE DROP (PSIG.)	35.38			
DRUM OPER. PRESS. (PSIG.)	633.03			
EXCESS AIR (%)	15.00			
FEEDWATER TEMP (F)	220.00			
FEEDWATER TMP LVG ECON (F)	356.92			
AMBIENT AIR TEMPERATURE (F)	80.00			
INPUT IN FUEL (MKB/HR)	170.47			
FUEL FLOW (MLB/HR / MCFH)	170.47			
HEAT AVAILABLE (MKB/HR)	158.42			
FURNACE RELEASE RATE (MBTU/HR-SQ.FT.)	151.40			
FURNACE LIBERATION (MBTU/HR-CU.FT.)	87.87			
GAS WEIGHT (MLB/HR)	157.38			
AIR WEIGHT (MLB/HR)	147.36			
HEAT LOSSES (%)				
DRY GAS	5.39			
H2O FROM FUEL	6.76			
MOISTURE IN AIR	.14			
RADIATION	.48			
UNACCOUNTED FOR	1.00			
TOTAL	13.76			
CALCULATED EFFICIENCY (%)	86.24			
DRAFT LOSSES (IN.-H2O)				
BOILER	8.57			
BURNER	.00			
FLUES	.90			
DUCTS	.10			
ECONOMIZER	6.25			
TOTAL	15.82			
GAS TEMPERATURE (F MHVT)				
ENT. ECONOMIZER	740.33			
FURNACE EXIT	2310.74			
FINAL EXIT	345.00			

Predicted NO_x - 0.2#/MKB
 CO - 400 PPM

Lenders cut off funding to AES

AES: What's ahead

• The Florida Department of Environmental Regulation is expected to present a complaint to AES Cedar Bay Inc. next week, saying the company's state permit should be revoked or suspended for misrepresentation of facts in its application.

• AES then would have 21 days to request an administrative hearing to refute the complaint.

• The DER then would have 10 days to refer the AES request to the state Division of Administrative Hearings.

• The division would schedule a hearing within 45 days.

• After the hearing, a hearing officer would make a recommendation to Gov. Lawton Chiles and the Cabinet.

• Chiles and the Cabinet then would decide whether to revoke or suspend the permit.

The entire process takes about six months, sometimes longer.

The entire process could be cut short if the project's lenders decide to pull out.

By Chuck Springston and Beverly Keneagy
Staff writers

The lenders for Jacksonville's AES Cedar Bay Inc. power plant cut off all funding yesterday for the controversial project — perhaps sounding the death knell for the half-built plant.

Lenders, company officials and industry analysts say there's still a chance the \$470 million project will survive Tuesday's unanimous vote by Gov. Lawton Chiles and the Cabinet to begin proceedings to revoke or suspend the plant's operating permit.

But it's a slim chance, they acknowledge.

"I don't think it's completely dead," said Ralph Haben, a Tallahassee lobbyist for the lenders. "I think the fat lady is walking up to the podium with a song sheet

in her hand."
Even a top AES executive agreed that the outlook is grim. "People who invest money in projects like this do not like political risk," said Robert H. Hemphill Jr., executive vice president of AES Corp., based in Arlington, Va.

The Northside coal-fired plant is being built to provide 250 megawatts for Florida Power & Light Co. and to provide steam to its neighbor, Seminole Kraft

(See LENDERS, Page A-10)



— Gary T. Clark/staff

Michael Moukakos, a welder working in the construction of the AES Cedar Bay steam and power plant on Jacksonville's Northside, wears a T-shirt making it clear where he stands on the Florida Cabinet's opposition to the plant. The unfinished facility is behind him.

AES: A profile

What industry analysts say about AES:

- Company officials run a "top-notch operation" and "bend over backward for the community."
- If the Jacksonville project is killed, AES's reputation in the financial community could be damaged and the company might have trouble getting loans for future projects.
- But if lenders believe AES's Jacksonville troubles were mostly the result of unreasonable political decisions, they might be more forgiving — unless AES's run-ins with state officials become a long-term trend.

What opponents say about AES:

- The company builds cogeneration plants — plants that produce electricity and steam — to take advantage of a federal law that exempts such plants from substantial federal and state regulation.
- Most of the plants built by AES burn coal, which emits more pollutants in combustion than other fossil fuels.
- The company disregards the wishes of the public and communicates poorly with the local citizens in the communities in which it chooses to locate.

Properties: Applied Energy Service (AES) Corp., based in Arlington, Va., is the owner of the following utilities:

- AES Cedar Bay, a coal-fired plant under construction on Jacksonville's Northside.
- AES Beaver Valley, a coal-fired plant in Monaca, Pa. Employs 74.
- AES Placerita, a natural-gas-fired plant in Newhall, Calif. Employs 34.
- AES Thames, a coal-fired plant in Montville, Conn. Employs 76.
- AES Shady Point, a coal-fired plant in LeFlore County, Okla. Employs 119.
- AES Barbers Point, a coal-fired plant on the island of Oahu, Hawaii. Employs 60.
- AES Deepwater, a coke-fired plant in Houston. Employs 62.

Total employees: 425
Total 1991 Revenue: \$333.5 million

Total 1991 Profit: \$42.6 million.

Stock price: 29½ a share yesterday, down 1½ from Tuesday.

On Tuesday, the day the Florida Cabinet voted to seek the suspension or revocation of AES's operating permit for its Jacksonville project, the company's stock dropped 5½ to 30½ — one of the steepest plunges in the market that day.

The company's stock, traded on the over-the-counter market, took a beating Tuesday after the news of the Cabinet vote reached investors and continued to fall yesterday.

The stock dropped 5½ on Tuesday — one of the day's steepest plunges — and fell yesterday 1½ to close at 29½. At one point in the past 12 months, it traded as high as 37½.

If the project is abandoned, the lenders would be left holding a half-built shell of steel and assorted permits and contracts — but not the land, which AES is leasing from Seminole Kraft.

That doesn't excite lenders.

"We're not in the business of operating power plants," said Goldstein of Banque Paribas.

He said the lenders are exploring other options in the event the project is canceled but wouldn't elaborate.

In addition to Banque Paribas, the other lenders are Prudential Power Funding Associates, John Hancock Mutual Life Insurance Co., New York Life Insurance Co., Cigna Investments, Marubeni America Corp., Marubeni U.K., Ahlstrom Capital Corp., the Pritchard Corp. and Costain Coal Inc.

Staff writers Jim Saunders and Francis X. Donnelly contributed to this report.

But the question is: Can AES hold on for six months?

"These people [lenders] don't want to wait six months," said

Bram Canter, an attorney in Tallahassee who represents the lenders.

Since the Cabinet vote, AES has been talking with the lenders about the possibility of eventually resuming payments.

"We need to talk with AES, we need to talk with the contractors before we make a final decision," said Brian Goldstein, vice president of Banque Paribas of New York, the lead bank in a consortium of 11 lenders financing the plant.

Those lenders were in the process of pouring about \$460 million into the project, Goldstein said.

Thus far, \$150 million has been spent building the plant.

Goldstein said AES is contributing about \$10 million but that amount could go higher if the project's costs go up.

AES announced yesterday that it could liable for up to \$25 million.

"For the size company we are, \$10 [million] to \$15 million is a huge loss for us," Hemphill said.

(From Page A-1)

Corp.'s paper mill.

AES now has to go through a state hearing to prove it didn't mislead the state. The final decision on whether the permit is revoked or suspended rests with Chiles and the Cabinet.

The AES project was scheduled to get a \$10 million cash injection this month, but the lenders canceled that payment.

Meantime, work continues at the plant site, adjacent to Seminole Kraft. However, workers wondered how long it would be before they get a pink slip.

"I think the jobs of the people on the site are in serious peril," Hemphill said.

The AES executive said he didn't know how long the company could keep workers on their jobs but added, "Not very long without money."

Workers say they've resigned themselves to the uncertainty.

"I'll just keep coming until the gate is closed one day," said Ron Belson, 37, a senior engineering technician from Jacksonville.

Money isn't likely to start flowing into the project again unless AES' appeal of the Cabinet's decision is successful.

However, AES faces "a tough sell," said Richard Donelan, assistant general counsel for the state Department of Environmental Regulation. "It's their own documents that have gotten them in the trouble."

The decision by the governor and the Cabinet to revoke or suspend the AES permit was based on a document that showed Seminole Kraft planned to keep three boilers operating after the start of AES operations in 1994. That's contrary to a condition in the state permit that requires the boilers be permanently shut down.

Mayor Ed Austin, who said he was not surprised by the lenders' decision, said the review process could answer some of the questions that led to the governor and the Cabinet's vote.

"We must have all the facts on what's going to happen there, and we didn't have the facts," said Austin, who had asked the state to investigate the issue.

It could take AES six months to go through the state hearing process, and AES attorney Raymond Ehrlich, a retired Florida chief justice, said, "I'm optimistic we're going to come out of this thing clean."

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Business: Orlando firm buys downtown tower

Lifestyle: Baby walkers — unsafe at any speed

FLORIDA EDITION

The Florida Times-Union

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JACKSONVILLE, FLORIDA, TUESDAY, MAY 5, 1992

127th Year — Number 126 — 4 Sections — 38 Pages 2

AES 'grossly misled' state, Chiles told

By Beverly Keneagy
Environmental writer

Florida Attorney General Bob Butterworth said yesterday that new evidence shows the state was "grossly misled" by AES Cedar Bay Inc. and Seminole Kraft Corp. when they applied for a permit to build a power plant in Jacksonville.

The companies' tactics amounted to a "bait-and-switch gimmick at the expense of Jacksonville citizens," and the state should begin proceedings today to suspend or revoke the AES permit, Butterworth said in a letter to Gov. Lawton Chiles and other Cabinet members.

Butterworth said his office uncovered a confidential memorandum between AES and Seminole Kraft that shows they planned to keep Seminole Kraft's boilers

operating once the AES plant started up. In their permit application, the companies said they planned to shut down the boilers, which opponents say are old and pollute the air.

Butterworth's findings come as he, five other Cabinet members and Chiles are to consider today the fate of the coal-fired plant AES is building on Jacksonville's Northside.

The \$470 million plant would provide steam to the adjacent Seminole Kraft paper mill and 250 megawatts to Florida Power & Light Co.

In its prepared statement yesterday, AES said the idea of keeping the boilers operating after the power plant began operating was "one of several options un-

(See AES, Page A-4)

Company says application truthful

By Beverly Keneagy
Environmental writer

In the face of mounting criticism of its power plant in Jacksonville, AES Cedar Bay Inc. went on the defensive yesterday, saying it has been truthful while applying for an operating permit.

AES made its comments in a report to Gov. Lawton Chiles and the Cabinet, who are to meet today to decide whether to pursue a suspension or revocation of the permit.

AES was responding to a report released last week by the Florida Department of Environmental Regula-

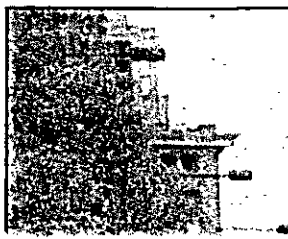
tion, which said the state had been misled. The report recommended that the Cabinet suspend or revoke the AES permit until numerous questions about changes in the plant's environmental impact are solved.

AES said it was submitting its own report to correct "various inaccuracies" in information submitted to Cabinet.

AES said its report should "demonstrate that it not make material false statements in connection

(See COMPANY, Page A-4)

'Aftershocks' still rumble



3 more ships to be pulled from Maypor

By Susan P. Respass



McHugh

day they won't seek re-election, joining a list of House retirees that is already the longest since World War II. Rep. Matthew McHugh, D-N.Y., who led the Ethics Committee probe of the bank, and Rep. Bob Davis, R-Mich., who wrote 878 overdrafts, said separately they will not return next year. They bring to 54 the number of House

drafts in a 29-month period and don't know the reason why so many members are retiring, but other lawmakers are leaving because of a general dissatisfaction with government or because redistricting has carved up their turf. McHugh, 53, who has served in Congress for 18 years, announced his decision at a news conference in his hometown of Ithaca,

being a member of Congress, he said. "There is now too great a gulf between my hopeful belief in what our institutions can be and the public perceptions of them." Davis, a seven-term Republican, was the third-worst abuser of the House bank, with 878 checks written against insufficient funds.

AES misled Florida, attorney general says

(From Page A-1)

der consideration that had not been finalized" when the state permit was granted.

The AES statement also said it is a standard business practice to keep a business agreement confidential when it contains proprietary information.

Also yesterday, Mayor Ed Austin held a news conference to sign a City Council resolution adopted last week that sought a new state hearing on the AES project and "full disclosure" of the plant's environmental impacts.

Austin, who has been criticized for failing to take a firm stand on the AES plant, said yesterday's news conference had nothing to do with Butterworth's letter but was called to announce he would sign the resolution.

Butterworth's recommendation is similar to one last week by the Florida Department of Environmental Regulation, which said Chiles and the Cabinet should suspend or revoke the AES permit until numerous environmental issues are resolved.

Education Commissioner Betty Castor said yesterday that she will support Butterworth's recommendation.

"Without complete knowledge of the companies' intentions, it is impossible to determine the impact a project of this magnitude will have on the environment," Ms. Castor said.

Other Cabinet members said yesterday that they had not decided how they would vote.

Should the Cabinet agree to proceed with suspending or revoking the permit, the issue would be referred to a state hearing officer for review. The hearing officer would make a recommendation to the governor and Cabinet, who could then officially suspend or revoke the AES permit. Construction on the power plant, which is about 50 percent built, then would have to stop.

AES' Stinson said Butterworth's recommendation "demonstrates a lack of regard for the 700 workers at our site, 200 companies doing

business with us and the economy of Jacksonville."

Opposition to the plant increased late last year when Seminole Kraft decided it needed to keep three boilers operating even after the AES plant opened in 1994. That's contrary to a joint permit the state issued last year to AES and Seminole Kraft that requires the boilers be shut down.

The information prompted Austin to ask the state to investigate whether AES and Seminole Kraft misled the Cabinet when they applied for an operating permit.

The Cabinet assigned a special counsel, Denis Dean of the Attorney General's Office, to research the issue.

Dean found AES and Seminole Kraft did withhold information that could have affected the Cabinet's decision to grant AES an operating permit. However, he found the state law does not require the disclosure of future plans and no laws were broken to warrant suspending or revoking the permit.

However, a report released last week by the Florida Department of Environmental Regulation said Dean's report was "flawed." It recommended that Chiles and the Cabinet revoke the AES permit until numerous environmental issues are resolved.

Yesterday, the Attorney General's Office said it had continued researching the issue and it had now uncovered the new information showing AES and Seminole Kraft planned to keep Seminole Kraft's boilers operating once AES started up.

"The fact that DER had been kept in the dark about the existence of this agreement while the project's application was under consideration amounts to a bait-and-switch gimmick at the expense of Jacksonville citizens," Butterworth said.

Deputy Attorney General Peter Antonacci said the confidential memorandum, a letter of intent dated Sept. 10, 1990, showed AES and Seminole Kraft planned to proceed with the original permit and then later, once it was approved, attempt to change it. The permit was approved on Jan. 22, 1991.

Staff writer Beth Reese Cravey contributed information to this report.

Company files report defending application

(From Page A-1)

the site certification proceedings and that there is no basis for suspension or revocation of the site certification."

AES said in its report that: • The AES project did "evolve" over time, but the changes occurred because Seminole Kraft decided to convert to a liner-board recycling operation. • The AES project will allow

AES says letters show the state was aware of the option.

• AES did not think it necessary to discuss the boiler plans with the Cabinet because the state law does not prohibit applying for a new permit for the refurbished boilers.

"So long as the environmental benefits for the cogeneration project would be realized, there was no reason to believe that the [Cabinet] members themselves needed to be informed that this refurbishment



Jeff Meyer is surrounded by famous and historic trees at his Dinsmore

Dinsmore tree to grow in Red S

(From Page A-1)

Washington used as his Revolutionary War headquarters in White Plains, N.Y.

Meyer, operator of the Big Tree Nursery in Dinsmore, will take part in a planting ceremony Saturday morning, the day of Russia's Peace Victory Parade, with Russian President Boris Yeltsin.

"I don't think we're going to go over there and solve all their problems with trees," Meyer said yesterday. "But maybe we can give them some hope."

He leaves today for New York and a series of radio interviews. Tomorrow, he and the tree leave for a 17-hour flight to Moscow.

It's a city in serious trouble, in turmoil after the death of communism: He's been told to bring his own snacks, toothpaste and toilet paper, as well as trinkets to give to people he meets. Meyer already has packed a box of cigarettes, candy bars, chewing gum and chocolate kisses.

Meyer, 33, is executive director for the Famous and Historic Trees project, a project of American

Forests, formerly the American. The project, based at Meyer's nursery of trees with historic significance across the nation — and now in

Along with the sycamore, he trees, for planting at Moscow. And he'll be collecting seeds from stoy's home in Moscow for plant

Meyer's trip — and the \$1.6 George Washington sycamore — cal private and corporate donors contributors, real estate developer Port Authority Chairman V. Ha his wife, Emily, also will march

Meyer will be in for quite a row: The Voice of America planting, and he'll be interviewed program, Moscow News, which dience of more than 100 million

"This to me is the biggest thing," Meyer said. "The trans planting trees — it's just amazing

L.A. riots bloodiest since Civil War

(From Page A-1)

work. It ended after participants met with Mayor Sharon Pratt Kelly, who wore a black armband in protest of the verdicts.

Yesterday in Atlanta, college students began taking exams despite calls for a boycott that followed violent demonstrations. Civic leaders promised a unified effort to heal racial divisions.

Police said their presence near the six-college Atlanta University Center was being cut back to normal levels.

The death toll from the three-day disturbance in Los Angeles surpassed the 48 people killed in 1917 race riots in East St. Louis, Ill., and was the nation's bloodiest unrest since the 1863 Civil War draft riots in New York City, in which about

1,000 people were killed. The riots also left 2,328 people injured and 11,724 jailed.

One of the most severely injured — truck driver Reginald Denny, who was beaten by rioters then rescued by four black strangers — is making "a remarkably recovery," doctors said.

Some commuters returned to bumper-to-bumper congestion.

Postal service resumed, and buses and trains also were running. Los Angeles International Airport was mostly back to normal.

Bradley renewed his criticism of the acquittals, saying, "I don't know how and why any jury can justify that verdict."

The mayor, who hadn't spoken to embattled police Chief Daryl Gates in the 13 months before the riots, also called for an explanation from

the police d slow respor

Gates' hand Bradley h angry spee rioting beg ence, the r tions. "I sai am angry," clear mess sage, throu;

President riot areas

domestic C federal res David Kea of Educat of Xerox C egation of Los Angel-



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AES said in its report that:

- The AES project did "evolve" over time, but the changes occurred because Seminole Kraft decided to convert to a liner-board recycling operation.

- The AES project will allow Seminole Kraft to shut down five old, polluting boilers. The air quality in Jacksonville will be as good or better than the predicted air quality presented last year to the Cabinet.

- While there was apparent confusion over the term "permanent shutdown" of the three Seminole Kraft boilers, "they do not evidence false statements or even misrepresentations." Seminole Kraft had planned to refurbish the boilers to meet new pollution standards.

- Refurbishing the boilers was only one option under consideration. Seminole Kraft didn't decide on the method until last September, after an engineering study was completed.

- The option of refurbishing the boilers was discussed with the DER and governor and Cabinet's staff.

AES says letters show the state was aware of the option.

- AES did not think it necessary to discuss the boiler plans with the Cabinet because the state law does not prohibit applying for a new permit for the refurbished boilers.

"So long as the environmental benefits for the cogeneration project would be realized, there was no reason to believe that the [Cabinet] members themselves needed to be informed that this refurbishment was one of a number of options being considered by Seminole Kraft," the AES report said.

- The Cabinet's knowledge of the boiler option wouldn't have justified denial of the permit application. The DER has maintained that the information could have affected the Cabinet's decision to give AES an operating permit.

"The mere fact that Seminole Kraft was considering one option that the siting board [Cabinet] may not have liked would not justify denying certification for the entire cogeneration project," AES said.

- Changes in the amount of steam AES would provide Seminole Kraft and electricity it will provide to Florida Power & Light Co. is not a basis for denying a permit, as stated by the DER.

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L.A. riots bloodiest since

(From Page A-1)

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1,000 people were

The riots also injured and 11,722

One of the men — truck driver who was beaten and injured by four police officers making "a real mess," doctors said.

Some commuters were stuck in bumper-to-bumper traffic.

Postal service and trains also were affected. Los Angeles International Airport was mostly back to normal levels.

Bradley renewed the acquittals. He said he knows how angry the people are and justifies that verdict.

The mayor, who was embattled since the 1863 Civil War draft riots in New York City, in which about also called for

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The Florida Times-Union published by the Florida Publishing Co., Jacksonville, 365 days a year.

Second-class postage paid at Jacksonville, Florida. POSTMASTER: Send address changes to The Florida Times-Union, P.O. Box 1600, Jacksonville, Florida 32231.

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Jacksonville Mill

9489 Eastport Road

P.O. Box 26998

Jacksonville, Florida 32218-0998

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APR 3 1992

904 751-6400

April 3, 1992

D. E. R.
SITING COORDINATION

Mayor Ed Austin
City of Jacksonville
14th Floor, City Hall
220 East Bay Street
Jacksonville, Florida 32202

Dear Mayor:

Since Stone Container/Seminole Kraft purchased and reopened the paper mill on Jacksonville's Northside in 1987, we have made significant changes in the historical way this paper mill has worked in cooperation with this community...and worked to improve the environment.

This letter is to inform you of another step in the journey we began in 1987. We believe, and hope you will agree, the most recent decision made by Seminole Kraft which I will describe to you here is another positive effort on our part to say once again to the people of Northeast Florida--as well as our elected officials-- that Seminole Kraft is very sensitive to the high environmental standards and expectations of our community...and very sensitive to the important role of perceptions in today's political environment.

As you know, Seminole Kraft will soon open the world's largest facility for the recycling of paper products...some 1,700 tons per day. A simultaneous benefit of removing over 600,000 tons of paper from our landfills each year will be the significant benefit of removing the smell from the air which has resulted from the operation of this mill for some four decades.

We think both of these benefits are extremely important not only to the growth and future of Seminole Kraft, but to the quality of life and the future of Northeast Florida.

It has been very expensive for Seminole Kraft to meet this significant milestone. We initially invested some \$50 million in recommissioning the mill after we purchased it, along with installing environmental equipment and controls which has already



Mayor Ed Austin
April 3, 1992
Page Two

resulted in the reduction of odorous TRS emissions by 92 per cent. On top of that \$50 million, Seminole Kraft is now spending another \$117 million to develop and build the facility which will make our paper mill a 100 per cent recycling operation...and totally eliminate the mill's smell.

I might add parenthetically here that none of the requirements from local, state or federal regulatory agencies called for the total elimination of TRS, only a significant reduction. The fact that Seminole Kraft will become 100 per cent odor free is another indication of our anxiousness and willingness to always do more than what is asked or called for in meeting legal requirements, or exceeding community standards.

In the last several months, there has been a misunderstanding and an unfortunate community controversy concerning Seminole Kraft's plans to close, and seek permission to rebuild and reopen three boilers that will meet the latest air emission standards and supply the steam needed to power our paper mill.

As you also know, the plans which were approved by the Florida DER and Jacksonville BESD in 1989 permitted a large low odor Kraft recovery boiler as well as the purchase of steam from AES Cedar Bay to power our mill. This approved plan allowed for 8 permitted sources of air emissions.

Without recounting all of the details, I simply want to point out again, when we determined that Seminole Kraft and Jacksonville's environment would benefit even further by seeking to rebuild three boilers to replace the already permitted low odor Kraft recovery boiler, our plans were always communicated to the proper government agencies and officials through proper channels.

We have every confidence and reason to believe that the Special Counsel appointed by the Governor will concur with this statement. We felt at the time, and still feel today, that this was a decision in the best interest of Seminole Kraft and the best interest of Jacksonville's environment.

Unfortunately, because of the controversy and important community attitudes, it has become apparent that Seminole Kraft has had great difficulty in explaining the environmental validity of this decision or in convincing the community of the correctness of this direction.

Mayor Ed Austin
April 3, 1992
Page Three

Frankly, Mayor, the controversy surrounding this single issue has tended to cloud and cover the tremendous successes made at Seminole Kraft, and it has overshadowed the \$165 million investment we are making to improve Jacksonville's environment.

For those reasons, and because we intend to maintain our policy of being extremely sensitive to the feelings of the people who live and work in this community, Seminole Kraft has decided NOT to seek permission to upgrade and reopen these three controversial boilers once they are closed. When they are shut down, they will become another piece of the past history of this mill.

And, at significant expense...at a cost of many millions of dollars...Seminole Kraft will permit and build new boilers meeting the same New Source Performance Standards to supply the steam required to power this mill in addition to that which will be purchased that will allow us to recycle 1,700 tons of OCC and other paper product's each day; clean Jacksonville's air; produce a quality American product which is competitive around the world, and help support Jacksonville's economy through good paying manufacturing jobs.

Mayor, I would say to you again that Seminole Kraft has made monumental contributions to Jacksonville since we reopened the closed mill and restored over 400 jobs.

We came to Northeast Florida with the clear understanding we would be an outstanding member of this community. We said Stone Container and Seminole Kraft would create a paper mill which would become a source of community pride because of its environmental and economic contributions. That was our commitment then, it is our commitment now. The decision I am communicating to you today is just one more way we are demonstrating that Seminole Kraft keeps its commitments.

Finally, Mayor, I want you to know how much I appreciate the willingness of you and the members of your staff to work with us on this issue, the leadership you have provided, and the cooperation and courtesy we have received.

Sincerely,



L.A. Stanley
General Manager

JAMES A. HEARD
ATTORNEY AT LAW

2902 INDEPENDENT SQUARE
JACKSONVILLE, FLORIDA 32202

TELEPHONE (904) 355-5467
FACSIMILE (904) 633-9328

February 21, 1992

Mr. Claire Fancy
Bureau Chief
Bureau of Air Regulation
DER
2600 Blair Stone Road
Tallahassee, FL 32399-2400

RECEIVED
FEB 24 1992
Division of Air
Resources Management

Re: AES Cedar Bay

Dear Mr. Fancy:

I am interested in the permitting process for the AES Cedar Bay, Inc. ("AES"), coal fired power plant now under construction in Jacksonville. Specifically, I am curious about your Department's apparent allowance of "netting" between Seminole Kraft ("SK") and AES, subtracting the emissions of old equipment being retired at SK from the new emissions of AES. I understand that this may have been the basis for AES avoiding some of the standards that it would otherwise have been subject to under the prevention of significant deterioration ("PSD") and non-attainment provisions of the Clean Air Act, as implemented by §§ 17-2.500 and 17-2.510, F.A.C.

I understand the "netting" issue was the topic of some debate between DER and EPA, but I do not have all of the relevant correspondence and internal memoranda. Accordingly, please consider this a request under the Public Records Act, Chapter 119, Florida Statutes, for the following:

1. Any and all correspondence between DER and either the applicant (AES) or EPA regarding the "netting" or crediting of SK emissions against those of AES, for purposes of either the PSD or non-attainment standards (§§ 17-2.500 and 17-2.510, F.A.C.).

2. Any and all correspondence between DER and either the applicant (AES) or EPA regarding whether AES and SK constitute one "facility" or two for purposes of determining applicability of either the PSD or non-attainment standards (§§ 17-2.500 and 17-2.510, F.A.C.).

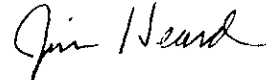
3. Any and all correspondence between DER and either the applicant (AES) or EPA regarding whether AES was required to demonstrate LAER for VOCs or particulates.

4. Any and all internal DER memoranda regarding any of the preceding subjects (nos. 1-3, above).

Mr. Claire Fancy
February 21, 1992
Page two

Please feel free to contact me if you need any clarification, or I can otherwise assist you in responding. Thank you for your attention to this request.

Sincerely,

A handwritten signature in cursive script that reads "Jim Heard".

James A. Heard

cc: Richard Donelan, Esq.

Patty

January 1992

RECEIVED

JAN 28 1992

Division of Air
Resources Management

TO: WHOM IT MAY CONCERN

Please be advised that AES Cedar Bay has changed their address from:

AES Cedar Bay, Inc.
9469 Eastport Road Room 10
P.O. Box 26998
Jacksonville, FL 32218-0998

to:

AES Cedar Bay, Inc.
P.O. Box 26329
Jacksonville, FL 32218-0329

FOR FEDERAL EXPRESS USE ONLY

AES Cedar Bay, Inc.
9640 Eastport Road
Jacksonville, FL 32218

cc: *Clare Tancy*



~~Kim~~ / Patly

January 1992

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cc: Steve Smallwood

