

Florida Department of
Environmental Protection

Memorandum

BAK

TO: Howard L. Rhodes

THRU: *for* Clair Fancy *smg*
Scott Sheplak

FROM: Jonathan Holtom *JH.*

DATE: March 8, 2002

SUBJECT: Final Construction Permit for Cedar Bay Cogeneration Facility.
Permit Number 0310337-006-AC/PSD-FL-137F

Attached for your approval and signature is a Final construction permit/PSD revision for the Cedar Bay Generating Company's Cedar Bay Cogeneration Facility. This project is being issued to authorize Cedar Bay Generating Company to add a pug mill to its ash handling facilities (so ash may transported off-site in open trucks) and to recognize an increase in limestone and coal handling at the facility that was authorized by a revision to the power plant siting conditions of certification (PA88-24, Last Modified 05/31/01). Ash will also continue to be loaded into capped rail cars and/or closed trucks.

The Public Notice requirements were met on March 4, 2002, by publishing in The Florida Times Union. No comments have been received from the public in response to this Public Notice, and no petitions were filed for an Administrative Hearing.

I recommend your approval and signature.

Attachments

/jh

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
NOTICE OF FINAL PERMIT

In the Matter of an
Application for Permit by:

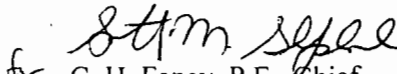
Mr. Bruce Smith, General Manager
Cedar Bay Generating Company, L.P.
P.O. Box 26324
Jacksonville, Florida 32226

DEP File No. 0310337-006-AC / PSD-FL-137F
Cedar Bay Cogeneration Facility
Duval County

Enclosed is Final Permit Number 0310337-006-AC / PSD-FL-137F. This permit authorizes Cedar Bay Generating Company to add a pug mill to its ash handling facilities (so ash may transported off-site in open trucks) and recognizes an increase in limestone and coal handling at the facility that was authorized by a revision to the power plant siting conditions of certification (PA88-24, Last Modified 05/31/01). This permit is issued pursuant to Chapter 403, Florida Statutes.

Any party to this order has the right to seek judicial review of it under section 120.68 of the Florida Statutes, by filing a notice of appeal under rule 9.110 of the Florida Rules of Appellate Procedure with the clerk of the Department of Environmental Protection in the Office of General Counsel, Mail Station #35, 3900 Commonwealth Boulevard, Tallahassee, Florida, 32399-3000, and by filing a copy of the notice of appeal accompanied by the applicable filing fees with the appropriate District Court of Appeal. The notice must be filed within thirty days after this order is filed with the clerk of the Department.

Executed in Tallahassee, Florida.


C. H. Fancy, P.E., Chief
Bureau of Air Regulation

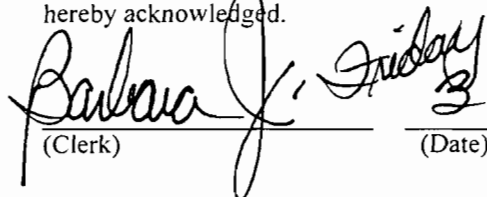
CERTIFICATE OF SERVICE

The undersigned duly designated deputy agency clerk hereby certifies that this Notice of Final Permit (including the Final permit) was sent by certified mail (*) and copies were mailed by U.S. Mail before the close of business on 3/12/02 to the person(s) listed:

Mr. Bruce Smith, Cedar Bay Generating Company *
Mr. Jeffery Walker, Cedar Bay Generating Company
Mr. Chris Kirts, P.E., DEP-NED
Mr. Richard Robinson, P.E., RESD
Mr. Gregg Worley, EPA

Clerk Stamp

FILING AND ACKNOWLEDGMENT FILED, on this date, pursuant to §120.52, Florida Statutes, with the designated Department Clerk, receipt of which is hereby acknowledged.


(Clerk) 3/12/02
(Date)

FINAL DETERMINATION

Cedar Bay Generating Company
Cedar Bay Cogeneration Facility
DEP File No. 0310337-006-AC/PSD-FL-137F

The Department distributed a public notice package on January 3, 2002, to allow the applicant to add a pug mill to its ash handling facilities. This action will result in a very insignificant increase in potential emissions of fugitive particulate matter, but will provide more flexibility in the removal of ash from the site. The added flexibility will come with the ability to transport ash in open container trucks in addition to the currently permitted open and closed rail cars and closed trucks. The ability to transport ash from the site in open trucks will only be allowed in conjunction with the use of the pug mill. Dry ash will not be allowed to be transported in open trucks. Ash will also continue to be loaded into capped rail cars and/or closed trucks at the Cedar Bay Cogeneration Facility, located at 9640 Eastport Road, Jacksonville, Duval County. This permit also recognizes and approves an increase in coal and limestone handling rates that was requested in a previous PSD application and inadvertently overlooked during the application processing. The requested increase was, however, granted in the revised power plant siting conditions of certification (PA88-24, Last Modified 05/31/01).

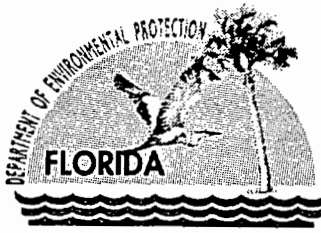
The Public Notice of Intent to Issue was published in The Florida Times Union on February 4, 2002.

COMMENTS/CHANGES

No comments were received by the Department regarding this project.

CONCLUSION

The final action of the Department is to issue the permit as it was noticed.



Jeb Bush
Governor

Department of Environmental Protection

Marjory Stoneman Douglas Building
3900 Commonwealth Boulevard
Tallahassee, Florida 32399-3000

David B. Struhs
Secretary

March 8, 2002

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Bruce Smith, General Manager
Cedar Bay Generating Company, L.P.
P.O. Box 26324
Jacksonville, Florida 32226

Re: Cedar Bay Cogeneration Facility
DEP File No. 0310337-006-AC/PSD-FL-137F

Dear Mr. Smith:

The Department reviewed your application dated October 26, 2001, requesting a revision to your PSD permit for an increase in the annual/monthly coal and limestone handling rates and the installation of a pug mill for the ash handling facilities.

As you noted in your application, the increase in coal and limestone handling rates was requested in a previous PSD application and inadvertently overlooked during the application processing. The requested increase was, however, granted in the revised power plant siting conditions of certification (PA88-24, Last Modified 05/31/01). The Department understands your desire for this increased material handling, feels that your request is reasonable, and agrees that it results in a very insignificant increase in potential emissions of fugitive particulate matter. The approved increase only affects the material unloading and handling sources. No increase is being authorized for coal usage in the boilers; this revision does not affect the permitted boiler capacities in any way. This change is only an increase in the amount of material that can be delivered to the site during a given time period in order to reduce the possibility of not having enough coal on site to satisfy the combustion demand.

The Department also agrees that the addition of a pug mill to your ash handling facilities will result in a similarly insignificant increase in potential emissions of fugitive particulate matter, but will provide more flexibility in the removal of ash from your site. The added flexibility will come with the ability to transport ash in open container trucks in addition to your currently permitted open and closed rail cars and closed trucks. The ability to transport ash from your site in open trucks will only be allowed in conjunction with the pug mill, dry ash will not be allowed to be transported in open trucks.

In order to properly reflect these revisions, the following changes will be made.

Specific Condition II.1.B.2. of PSD-FL-137A is changed:

"More Protection, Less Process"

Printed on recycled paper.

FROM:

II.1.B.2. The material handling/usage rates for coal, limestone, fly ash, and bed ash shall not exceed the following:

<u>Material</u>	Handling/Usage Rate	
	TPM	TPY
Coal	117,000	1,170,000
Limestone	27,000	320,000
Fly Ash	28,000	336,000
Bed Ash	8,000	88,000

Note: TPM is tons per month based on 30 consecutive days; and, TPY is tons per year.

TO:

II.1.B.2. Material Handling and Usage Rates.

a. The material handling/usage rates for coal unloading and storage and for limestone/aragonite unloading and storage shall not exceed the following:

Unloading/Storage Handling/Usage Rate		
Material	TPM	TPY
Coal	234,000	1,287,000
Limestone/Aragonite	54,000	347,000

b. For all other coal, limestone/aragonite, fly ash, and bed ash handling sources the handling/usage rates shall not exceed the following:

Handling/Usage Rate		
Material	TPM	TPY
Coal	117,000	1,170,000
Limestone	27,000	320,000
Fly Ash	28,000	336,000
Bed Ash	8,000	88,000

Note: TPM is tons per month based on 30 consecutive days, TPY is tons per year.

All of the previous versions of Specific Condition II.1.B.4. (in permits PSD-FL-137A, B, C, and E) will be replaced by the following:

II.1.B.4. Material handling sources shall be regulated as follows:

a. The material handling and treatment area sources with either fabric filter or baghouse controls are as follows:

- Coal Crusher Building
- Coal Silo Conveyor
- Limestone Pulverizer (2)/Conveyors
- Limestone Storage Bins (2)

- Bed Ash Hopper
- Bed Ash Separator
- Bed Ash Silo Vent
- Fly Ash Silo Vent
- Fly Ash Separators (2)

The emissions from the above listed sources are subject to the particulate emission limitation requirement of 0.003 gr/dscf (applicant-requested limitation which is more stringent than what is allowed by Rule 62-296.711, F.A.C.). Since these sources are RACT standard type, then a one-time verification test on each source shall be required for PM mass emissions to demonstrate that the baghouse control systems can achieve the 0.003 gr/dscf. The performance tests shall be conducted using EPA Method 5 pursuant to Chapter 62-297, F.A.C., and 40 CFR 60, Appendix A.

- b. Fugitive emissions from the following material handling and transport sources shall be controlled as follows:

Coal Car Unloading:	Wet Suppression using continuous water sprays during unloading.
Dry Ash Rail Car loadout:	Using closed or covered containers under negative air pressures during ash loadout; and, using water sprays prior to removal of rail car loadout cap when loading open rail cars.
Dry Ash Truck Loadout:	Using sealed trailers under negative air.
Wet Ash Truck Loadout:	Using a pug mill to mix water with ash.

The above listed sources are subject to a visible emission (VE) limitation requirement of 5 percent (5%) opacity in accordance with Rule 62-296.711, F.A.C. Initial and subsequent compliance tests shall be conducted for VE using EPA Method 9 or other FDEP approved methods in accordance with Chapter 62-297, F.A.C., and 40 CFR 60, Appendix A. Initial visible emissions testing shall be conducted within 90 days after final DEP approval of these facilities or within 90 days after completion of construction of the source, whichever occurs last. Ash shipped in open rail cars will be sprayed with water to create a crust on the top layer of ash. Dry ash may not be shipped in open trucks. If the pug mill becomes inoperable at any time, all ash shipped in trucks must be shipped in closed trucks and loaded under negative air for the duration of the outage.

A copy of this letter shall be filed with the referenced permit and shall become part of the permit. This permit is issued pursuant to Chapter 403, Florida Statutes. Any party to this order (permit) has the right to seek judicial review of it under Section 120.68, F.S., by the filing of a Notice of Appeal under Rule 9.110 of the Florida Rules of Appellate Procedure with the Clerk of the Department of Environmental Protection in the Office of General Counsel, Mail Station 35, 3900 Commonwealth Boulevard, Tallahassee, Florida, 32399-3000, and by filing a copy of the Notice of Appeal accompanied by the applicable filing fees with the appropriate District Court of Appeal. The Notice of Appeal must be filed within (thirty) days after this Notice is filed with the Clerk of the Department.

Executed in Tallahassee, Florida.



Howard L. Rhodes, Director
 Division of Air Resources Management

CERTIFICATE OF SERVICE

The undersigned duly designated deputy agency clerk hereby certifies that this Air Construction/PSD Permit was sent by certified mail (*) and copies were mailed by U.S. Mail before the close of business on 3/12/02 to the person(s) listed:

- Mr. Bruce Smith, Cedar Bay*
- Mr. Jeffery Walker, Cedar Bay
- Mr. C. Kirts, DEP NED
- Mr. H. Oven, PPS
- Mr. J. Manning, RESD
- Mr. G. Worley, EPA
- Mr. Kennard F. Kosky, P.E., Golder Associates

Clerk Stamp

FILING AND ACKNOWLEDGMENT FILED, on this date, pursuant to §120.52, Florida Statutes, with the designated Department Clerk, receipt of which is hereby acknowledged.

Barbara J. Friday 3/12/02
(Clerk) (Date)

APPENDIX GC – GENERAL PERMIT CONDITIONS

[F.A.C. 62-4.160]

- G.1 The terms, conditions, requirements, limitations, and restrictions set forth in this permit are "Permit Conditions" and are binding and enforceable pursuant to Sections 403.161, 403.727, or 403.859 through 403.861, Florida Statutes. The permittee is placed on notice that the Department will review this permit periodically and may initiate enforcement action for any violation of these conditions.
- G.2 This permit is valid only for the specific processes and operations applied for and indicated in the approved drawings or exhibits. Any unauthorized deviation from the approved drawings or exhibits, specifications, or conditions of this permit may constitute grounds for revocation and enforcement action by the Department.
- G.3 As provided in Subsections 403.087(6) and 403.722(5), Florida Statutes, the issuance of this permit does not convey any vested rights or any exclusive privileges. Neither does it authorize any injury to public or private property or any invasion of personal rights, nor any infringement of federal, state or local laws or regulations. This permit is not a waiver or approval of any other Department permit that may be required for other aspects of the total project which are not addressed in the permit.
- G.4 This permit conveys no title to land or water, does not constitute State recognition or acknowledgment of title, and does not constitute authority for the use of submerged lands unless herein provided and the necessary title or leasehold interests have been obtained from the State. Only the Trustees of the Internal Improvement Trust Fund may express State opinion as to title.
- G.5 This permit does not relieve the permittee from liability for harm or injury to human health or welfare, animal, or plant life, or property caused by the construction or operation of this permitted source, or from penalties therefore; nor does it allow the permittee to cause pollution in contravention of Florida Statutes and Department rules, unless specifically authorized by an order from the Department.
- G.6 The permittee shall properly operate and maintain the facility and systems of treatment and control (and related appurtenances) that are installed or used by the permittee to achieve compliance with the conditions of this permit, as required by Department rules. This provision includes the operation of backup or auxiliary facilities or similar systems when necessary to achieve compliance with the conditions of the permit and when required by Department rules.
- G.7 The permittee, by accepting this permit, specifically agrees to allow authorized Department personnel, upon presentation of credentials or other documents as may be required by law and at a reasonable time, access to the premises, where the permitted activity is located or conducted to:
- (a) Have access to and copy and records that must be kept under the conditions of the permit;
 - (b) Inspect the facility, equipment, practices, or operations regulated or required under this permit, and,
 - (c) Sample or monitor any substances or parameters at any location reasonably necessary to assure compliance with this permit or Department rules.

Reasonable time may depend on the nature of the concern being investigated.

APPENDIX GC – GENERAL PERMIT CONDITIONS

[F.A.C. 62-4.160]

G.8 If, for any reason, the permittee does not comply with or will be unable to comply with any condition or limitation specified in this permit, the permittee shall immediately provide the Department with the following information:

- (a) A description of and cause of non-compliance; and
- (b) The period of noncompliance, including dates and times; or, if not corrected, the anticipated time the non-compliance is expected to continue, and steps being taken to reduce, eliminate, and prevent recurrence of the non-compliance.

The permittee shall be responsible for any and all damages which may result and may be subject to enforcement action by the Department for penalties or for revocation of this permit.

G.9 In accepting this permit, the permittee understands and agrees that all records, notes, monitoring data and other information relating to the construction or operation of this permitted source which are submitted to the Department may be used by the Department as evidence in any enforcement case involving the permitted source arising under the Florida Statutes or Department rules, except where such use is prescribed by Sections 403.73 and 403.111, Florida Statutes. Such evidence shall only be used to the extent it is consistent with the Florida Rules of Civil Procedure and appropriate evidentiary rules.

G.10 The permittee agrees to comply with changes in Department rules and Florida Statutes after a reasonable time for compliance, provided, however, the permittee does not waive any other rights granted by Florida Statutes or Department rules.

G.11 This permit is transferable only upon Department approval in accordance with Florida Administrative Code Rules 62-4.120 and 62-730.300, F.A.C., as applicable. The permittee shall be liable for any non-compliance of the permitted activity until the transfer is approved by the Department.

G.12 This permit or a copy thereof shall be kept at the work site of the permitted activity.

G.13 This permit also constitutes:

- (a) Determination of Best Available Control Technology (X)
- (b) Determination of Prevention of Significant Deterioration (); and
- (c) Compliance with New Source Performance Standards (X).

G.14 The permittee shall comply with the following:

- (a) Upon request, the permittee shall furnish all records and plans required under Department rules. During enforcement actions, the retention period for all records will be extended automatically unless otherwise stipulated by the Department.

APPENDIX GC – GENERAL PERMIT CONDITIONS

[F.A.C. 62-4.160]

(b) The permittee shall hold at the facility, or other location designated by this permit, records of all monitoring information (including all calibration and maintenance records and all original strip chart recordings for continuous monitoring instrumentation) required by the permit, copies of all reports required by this permit, and records of all data used to complete the application or this permit. These materials shall be retained at least three years from the date of the sample, measurement, report, or application unless otherwise specified by Department rule.

(c) Records of monitoring information shall include:

1. The date, exact place, and time of sampling or measurements;
2. The person responsible for performing the sampling or measurements;
3. The dates analyses were performed;
4. The person responsible for performing the analyses;
5. The analytical techniques or methods used; and
6. The results of such analyses.

G.15 When requested by the Department, the permittee shall within a reasonable time furnish any information required by law which is needed to determine compliance with the permit. If the permittee becomes aware that relevant facts were not submitted or were incorrect in the permit application or in any report to the Department, such facts or information shall be corrected promptly.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Mr. Bruce Smith, General Manager
 Cedar Bay Generating Company, L.P.
 P.O. Box 26324
 Jacksonville, Florida 32226

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
 3-18-08

C. Signature
 X *Debra G Sumner* Agent Addressee

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)
 7000 0520 0020 9371 2714

7000 0520 0020 9371 2714

**U.S. Postal Service
 CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)**

Mr. Bruce Smith, General Manager

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark
 Here

Recipient's Name (Please Print Clearly) (To be completed by mailer)
 Mr. Bruce Smith, General Manager
 Street, Apt. No.; or PO Box No.
 P.O. Box 26324
 City, State, ZIP+4
 Jacksonville, Florida 32226

RECEIVED

OCT 26 2001

**PG&E National
Energy Group.**Cedar Bay
Generating Plant
Owner: Cedar Bay Generating Company, L.P.

BUREAU OF AIR REGULATION

POB 26324
Jacksonville, FL 32226-6324904.751.4000
Fax: 904.751.7320

October 25, 2001

Clair H. Fancy, Chief
Bureau of Air Regulation
Florida Department of Environmental Protection
Twin Towers Office Building
2600 Blair Stone Road
Tallahassee, FL 32399-2400

RE: Request to Modify PSD Permit (PSD-FL-137) To Allow Installation of Pug Mill for
Ash Loading at Cedar Bay Cogeneration Facility

Dear Mr. Fancy:

On behalf of Cedar Bay Generating Company, L.P. (Cedar Bay), I have enclosed an original and three copies of an Application for Air Permit – Title V Source (Form 62-210.900(1)) and supporting documentation for Cedar Bay's request for approval to install and operate a pug mill associated with ash handling and to amend the monthly and annual throughput for coal and limestone.

Pug Mill Installation

Cedar Bay wishes to improve the flexibility for fly ash handling at, and transportation from, the site with the installation of a pug mill. The pug mill is an apparatus that will mix water with the ash to improve handling and ultimately reduce fugitive emissions. The equipment mixes ash with water in an enclosed system and will be located beneath the existing fly ash silo.

Cedar Bay has previously informed the Department that the coal supplier, Lodestar, has filed for protection under Chapter 11 of the Bankruptcy Code. Under Chapter 11 of the Bankruptcy Code, Lodestar petitioned the court to terminate its contract with Cedar Bay for economic reasons and the petition has been granted. Lodestar also provided ash disposal as part of its contract. Installation of the pug mill will facilitate disposal of ash in a Class I landfill as a backup to Lodestar. Cedar Bay has a contract in place that would allow approximately 50% of the ash to be processed for beneficial uses. Cedar Bay also has negotiated a contract for the disposal of ash in a Class I landfill, and negotiations continue for other beneficial use options.

October 25, 2001

Page 2

Coal and Limestone Throughput

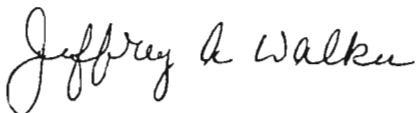
Cedar Bay has recognized that the current throughput limitations for coal and limestone do not allow sufficient material handling capacity to allow the facility to weather catastrophic events or business interruptions. Cedar Bay previously requested the Department to modify the PSD permit to alter the throughput limits for coal and limestone, along with other permit conditions. At that time, however, the focus was on the changes to the SO₂ limits, and throughput limits for coal and limestone were not accomplished in the issuance of PSD-FL-137D. However, the Conditions of Certification were modified to reflect the changes requested.

Request for Expeditious Review

With respect to the pug mill installation, we would greatly appreciate an expedited review and permit modification to support continued operation of Cedar Bay due to the termination of the Lodestar contract. We would be happy to answer any questions that the Department may have about the Facility or this application. If you have questions about the Facility, please contact Mr. Jeff Walker, our Environmental Manager, at 904-751-4000 x22. If you have questions about the application, you may wish to contact Mr. Ken Kosky, our consultant, at 352-336-5600 or Mr. David Dee, our environmental counsel, at 850-681-0311.

We look forward to working with you and the other members of the Department on this project.

Sincerely,



for. Bruce Smith, General Manager
Cedar Bay Generating Company, LP

Cc: A.A. Lirero, DEP (w/o enclosures)
Scott Gorland, DEP (w/o enclosures)
Ernest Frye, DEP NE District (w/o enclosures)
Steve Pace, Jacksonville RESD (w/ enclosures)
Hamilton S. Oven, Jr. (w/o enclosures)
Ken Kosky (w/ enclosures)
David Dee (w/ enclosures)

Bc: W/o enclosures:
J. Gasbarro
S. Sorrentino

October 25, 2001

Page 3

J. Tanselle

P. Hartwell

M. Carney

V. Gill

F. Stallwood

W/ enclosures:

B. DeHart

M. Golden

J. Walker