Florida Department of Environmental Protection

Bob Martinez Center
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Charlie Crist
Governor

Jeff Kottkamp
Lt. Governor

Michael W. Sole
Secretary

June 4, 2008

Electronic Mail – Received Receipt Requested.

Mr. Thomas A. Grace, Manager – Environmental, Health & Safety
Lake Cogen, Ltd.
39001 Golden Gem Drive
Umatilla, Florida 32784

Re: Draft/Proposed Permit No. 0694801-009-AV
Lake Cogen, Ltd., Lake Cogeneration Facility
Title V Air Operation Permit Revision
Clean Air Interstate Rule Part

Dear Mr. Grace:

On May 16, 2008, you submitted a Clean Air Interstate Rule (CAIR) Part Form (DEP Form No. 62-210.900(1)(b)) for incorporation into the Title V air operation permit for the Lake Cogeneration Facility. This facility is located in Lake County at 39001 Golden Gem Drive, Umatilla, Florida. Enclosed are the following documents:

- The proposed Draft/Proposed Title V Air Operation Permit Revision includes the CAIR Part which specifies that the owner/operator will operate the facility and each CAIR unit at the facility in accordance with 40 Code of Federal Regulations (CFR) 96 and Rule 62-296.470, Florida Administrative Code (F.A.C.).
- The Statement of Basis, which summarizes the facility, the equipment, the primary rule applicability, and any changes since the last Title V air operation permit revision.
- The Written Notice of Intent to Issue Title V Air Operation Permit Revision provides important information regarding: the Permitting Authority's intent to issue an air permit for the proposed project; the requirements for publishing a Public Notice of the Permitting Authority's intent to issue an air permit; the procedures for submitting comments on the revised Draft/Proposed Permit; the process for filing a petition for an administrative hearing; and the availability of mediation.
- The Public Notice of Intent to Issue Title V Air Operation Permit Revision is the actual notice that you must have published in the legal advertisement section of a newspaper of general circulation in the area affected by this project. The Public Notice of Intent to Issue Title V Air Operation Permit Revision must be published as soon as possible and the proof of publication must be provided to the Department within seven days of the date of publication.

If you have any questions, please contact the Project Engineer, Tom Cascio, by telephone at 850-921-9526 or by email at tom.cascio@dep.state.fl.us.

Sincerely,,

Trina L. Vielhauer, Chief
Bureau of Air Regulation

TLV/raw/tbc

Enclosures

WRITTEN NOTICE OF INTENT TO ISSUE TITLE V AIR OPERATION PERMIT REVISION

In the Matter of an
Application for Air Permit by:

Lake Cogen, Ltd.
39001 Golden Gem Drive
Umatilla, Florida 32784

Responsible Official:
Mr. Thomas A. Grace, Manager – Environmental, Health & Safety

Draft/Proposed Permit No. 0694801-009-AV
Facility ID No. 0694801
Lake Cogeneration Facility
Title V Permit Revision
Lake County, Florida

Facility Location: Lake Cogen, Ltd. operates the Lake Cogeneration Facility, which is located at 39001 Golden Gem Drive, Umatilla in Lake County, Florida.

Project: The applicant has submitted a complete and certified Clean Air Interstate Rule (CAIR) Part Form and has requested its incorporation into the existing Title V air operation permit. Details of the project are provided in the application and the enclosed Statement of Basis.

The existing facility consists of the following emissions units:

Currently at the plant site are two nominal 42.0 megawatt (MW) combined cycle combustion turbines with duct burners that exhaust through heat recovery steam generators (HRSG) which are used to power a nominal 26.5 MW steam turbine. Nitrogen oxides (NO_x) emissions are controlled by using water injection. The facility also includes a fuel oil storage tank (170,000 gallon).

Permitting Authority: Applications for Title V air operation permits are subject to review in accordance with the provisions of Chapter 403, Florida Statutes (F.S.) and Chapters 62-4, 62-210, 62-213 and 62-296.470 of the Florida Administrative Code (F.A.C.). The proposed project is not exempt from air permitting requirements and a Title V air operation permit is required to operate the facility. The Bureau of Air Regulation is the Permitting Authority responsible for making a permit determination for this project. The Permitting Authority's physical address is: 111 South Magnolia Drive, Suite #4, Tallahassee, Florida. The Permitting Authority's mailing address is: 2600 Blair Stone Road, MS #5505, Tallahassee, Florida 32399-2400. The Permitting Authority's telephone number is 850/488-0114.

Project File: A complete project file is available for public inspection during the normal business hours of 8:00 a.m. to 5:00 p.m., Monday through Friday (except legal holidays), at the address indicated above for the Permitting Authority. The complete project file includes the Draft/Proposed Permit, the Statement of Basis, the CAIR Part Form, and the information submitted by the applicant, exclusive of confidential records under Section 403.111, F.S. Interested persons may view the Draft/Proposed Permit by visiting the following website: http://www.dep.state.fl.us/air/eproducts/apds/default.asp and entering the permit number shown above. Interested persons may contact the Permitting Authority's project review engineer for additional information at the address or phone number listed above.

Notice of Intent to Issue Permit: The Permitting Authority gives notice of its intent to issue an air permit to the applicant for the project described above. The applicant has provided reasonable assurance that operation of the proposed equipment will not adversely impact air quality and that the project will comply with all appropriate provisions of Chapters 62-4, 62-204, 62-210, 62-212, 62-213, 62-214, 62-296, and 62-297, F.A.C. The Permitting Authority will issue a Final Permit in accordance with the conditions of the proposed Draft/Proposed Permit unless a timely petition for an administrative hearing is filed under Sections 120.569 and 120.57, F.S. or unless public comment received in accordance with this notice results in a different decision or a significant change of terms or conditions.

Public Notice: Pursuant to Sections 403.815 and 403.087, F.S. and Rules 62-110.106 and 62-210.350(3),

F.A.C., you (the applicant) are required to publish at your own expense the enclosed Public Notice of Intent to Issue Air Permit (Public Notice). The Public Notice shall be published one time only as soon as possible in the legal advertisement section of a newspaper of general circulation in the area affected by this project. The newspaper used must meet the requirements of Sections 50.011 and 50.031, F.S. in the county where the activity is to take place. If you are uncertain that a newspaper meets these requirements, please contact the Permitting Authority at above address or phone number. Pursuant to Rule 62-110.106(5) and (9), F.A.C., the applicant shall provide proof of publication to the Permitting Authority at the above address within 7 days of publication. Failure to publish the notice and provide proof of publication may result in the denial of the permit pursuant to Rule 62-110.106(11), F.A.C.

Comments: The Permitting Authority will accept written comments concerning the draft/proposed Title V air operation permit for a period of 30 days from the date of publication of the Public Notice. Written comments must be received by the close of business (5:00 p.m.), on or before the end of this 30-day period by the Permitting Authority at the above address. As part of his or her comments, any person may also request that the Permitting Authority hold a public meeting on this permitting action. If the Permitting Authority determines there is sufficient interest for a public meeting, it will publish notice of the time, date, and location on the official web site for notices at Florida Administrative Weekly (FAW) at http://faw.dos.state.fl.us/ and in a newspaper of general circulation in the area affected by the permitting action. For additional information, contact the Permitting Authority at the above address or phone number. If written comments or comments received at a public meeting result in a significant change to the Draft/Proposed Permit, the Permitting Authority shall issue a Revised Permit and require, if applicable, another Public Notice. All comments filed will be made available for public inspection.

Petitions: A person whose substantial interests are affected by the proposed permitting decision may petition for an administrative hearing in accordance with Sections 120.569 and 120.57, F.S. The petition must contain the information set forth below and must be filed with (received by) the Department's Agency Clerk in the Office of General Counsel of the Department of Environmental Protection, 3900 Commonwealth Boulevard, Mail Station #35, Tallahassee, Florida 32399-3000. Petitions filed by the applicant or any of the parties listed below must be filed within 14 days of receipt of this Written Notice of Intent to Issue Air Permit. Petitions filed by any persons other than those entitled to written notice under Section 120.60(3), F.S., must be filed within 14 days of publication of the attached Public Notice or within 14 days of receipt of this Written Notice of Intent to Issue Air Permit, whichever occurs first. Under Section 120.60(3), F.S., however, any person who asked the Permitting Authority for notice of agency action may file a petition within 14 days of receipt of that notice, regardless of the date of publication. A petitioner shall mail a copy of the petition to the applicant at the address indicated above, at the time of filing. The failure of any person to file a petition within the appropriate time period shall constitute a waiver of that person's right to request an administrative determination (hearing) under Sections 120.569 and 120.57, F.S., or to intervene in this proceeding and participate as a party to it. Any subsequent intervention (in a proceeding initiated by another party) will be only at the approval of the presiding officer upon the filing of a motion in compliance with Rule 28-106.205, F.A.C.

A petition that disputes the material facts on which the Permitting Authority's action is based must contain the following information: (a) The name and address of each agency affected and each agency's file or identification number, if known; (b) The name, address, and telephone number of the petitioner; the name, address and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination; (c) A statement of when and how each petitioner received notice of the agency action or proposed decision; (d) A statement of all disputed issues of material fact. If there are none, the petition must so state; (e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action; (f) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action including an explanation of how the alleged facts relate to the specific rules or statutes; and, (g) A

statement of the relief sought by the petitioner, stating precisely the action the petitioner wishes the agency to take with respect to the agency's proposed action. A petition that does not dispute the material facts upon which the Permitting Authority's action is based shall state that no such facts are in dispute and otherwise shall contain the same information as set forth above, as required by Rule 28-106.301, F.A.C.

Because the administrative hearing process is designed to formulate final agency action, the filing of a petition means that the Permitting Authority's final action may be different from the position taken by it in this Written Notice of Intent to Issue Air Permit. Persons whose substantial interests will be affected by any such final decision of the Permitting Authority on the application have the right to petition to become a party to the proceeding, in accordance with the requirements set forth above.

Mediation: Mediation is not available in this proceeding.

EPA Review: EPA has agreed to treat the Draft/Proposed Title V air operation permit as a Proposed Title V air operation permit and to perform its 45-day review provided by the law and regulations concurrently with the public comment period. Although EPA's 45-day review period will be performed concurrently with the public comment period, the deadline for submitting a citizen petition to object to the EPA Administrator will be determined as if EPA's 45-day review period is performed after the public comment period has ended. The Final Title V air operation permit will be issued after the conclusion of the 45-day EPA review period so long as no adverse comments are received that results in a different decision or significant change of terms or conditions. The status regarding EPA's 45-day review of this project and the deadline for submitting a citizen petition can be found at the following website address: http://www.epa.gov/region4/air/permits/Florida.htm.

Objections: Finally, pursuant to 42 United States Code (U.S.C.) Section 7661d(b)(2), any person may petition the Administrator of the EPA within 60 days of the expiration of the Administrator's 45-day review period as established at 42 U.S.C. Section 7661d(b)(1), to object to the issuance of any Title V air operation permit. Any petition shall be based only on objections to the Permit that were raised with reasonable specificity during the 30-day public comment period provided in the Public Notice, unless the petitioner demonstrates to the Administrator of the EPA that it was impracticable to raise such objections within the comment period or unless the grounds for such objection arose after the comment period. Filing of a petition with the Administrator of the EPA does not stay the effective date of any permit properly issued pursuant to the provisions of Chapter 62-213, F.A.C. Petitions filed with the Administrator of EPA must meet the requirements of 42 U.S.C. Section 7661d(b)(2) and must be filed with the Administrator of the EPA at: U.S. EPA, 401 M Street, S.W., Washington, D.C. 20460. For more information regarding EPA review and objections, visit EPA's Region 4 web site at http://www.epa.gov/region4/air/permits/Florida.htm .

Executed in Tallahassee, Florida.

for Jonathan Holtom

Trina L. Vielhauer, Chief
Bureau of Air Regulation

CERTIFICATE OF SERVICE

The undersigned duly designated deputy agency clerk hereby certifies that this Written Notice of Intent to Issue Air Permit package (including the Public Notice, the Statement of Basis, and the Draft/Proposed Permit) was sent by electronic mail with received receipt requested before the close of business on 6/10/08 to the persons listed below.

Thomas A. Grace, Lake Cogen, Ltd.: tgrace@caithnessenergy.com
Gracy Danois, U.S. EPA Region 4: danois.gracy@epa.gov
Jim Bradner, P.E., Central District Office: James.Bradner@dep.state.fl.us
Ms. Barbara Friday, DEP BAR: Barbara.Friday@dep.state.fl.us (for posting with U.S. EPA, Region 4

Clerk Stamp

FILING AND ACKNOWLEDGMENT FILED, on this date, pursuant to Section 120.52(7), Florida Statutes, with the designated agency clerk, receipt of which is hereby acknowledged.

Barbara J. Friday 6/10/08
(Clerk) (Date)