



Fernandina Beach Containerboard Mill
North 8th Street
PO Box 2000
Fernandina Beach, FL 32035
(904) 261-5551
(904) 277-5888 fax

CERTIFIED MAIL

7004 0750 0003 3874 1418

May 2, 2006

Mr. Lee Page
Air, Pesticides and Toxics Management Division
U.S. EPA Region IV
61 Forsyth Street, S.W.
Atlanta, Georgia 30303

Re: Clean Condensate Alternative Project
Smurfit-Stone Container Enterprises, Inc.
Fernandina Beach Mill

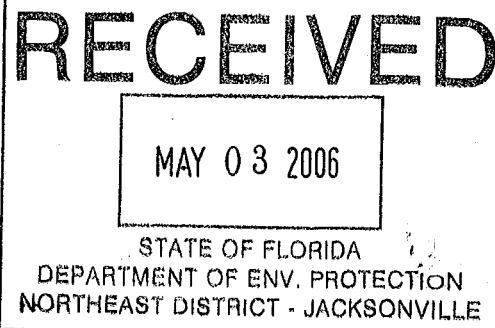
Dear Mr. Page:

In response to EPA's letter dated April 7, 2006 regarding the Fernandina Mill's Clean Condensate Alternative (CCA) Summary Report dated November 2, 2005, Smurfit-Stone would like to provide the following additional information. The two primary areas of concern involved the modifications that were completed on the brown stock washers and also the HAP emission estimates from the wastewater treatment system. Each of these items are addressed in the following paragraphs.

In your letter you stated that the HAP reductions resulting from the washer line modifications are not creditable under the CCA requirements in 40 CFR 63.447. Smurfit-Stone asked NCASI to review this issue because of their experience with similar projects in the pulp and paper industry. NCASI's response, dated May 1, 2006, is attached. NCASI contends that if the HAP reductions are not creditable reductions, then they must be incorporated into the "baseline condition" used for the CCA project evaluation. As reported in the November 2005 CCA Summary Report and the attached letter, site-specific emission testing indicated that the CCA project at the Fernandina Mill achieved emission reductions that are much greater than the emission reductions that would otherwise be achieved through HVLC control.

Regarding the HAP emission estimates from the wastewater treatment system, inlet and outlet testing of the cooling tower at baseline conditions was conducted over a period of three years. The weighted average from this testing showed emissions of 0.88 lb MeOH/ODTP. When used in the WATER9 model the results were 0.76 lb MeOH/ODTP. This site specific test data and the WATER9 model results were submitted to FDEP in a May 16, 2005 correspondence as reported in the November 2005 CCA Summary Report.

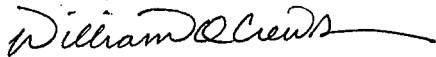
Smurfit-Stone believes that the additional information provided above confirms that the CCA project proposed by the Fernandina Mill achieves greater emission reductions than those achieved



through HVLC control, and requests your concurrence. If you do not agree, Smurfit-Stone would like to meet with you, at your convenience, to discuss these issues further.

Please contact me at (904) 277-7746 or by Email at bcrews@smurfit.com if I can provide any additional information needed to resolve these issues or to schedule a meeting. Thank you for your consideration of these matters.

Sincerely,



William O. Crews
Environmental Manager
Fernandina Beach Mill

Attachment

Cc: C. Ackel
A. Jain, NCASI
V. Varma, NCASI

CERTIFIED MAIL

7004 0750 0003 3874 1425

Mr. Christopher Kirts
District Air Program Administrator
Florida Department of Environmental Protection
7825 Baymeadows Way, Suite B200
Jacksonville, FL 32256-7590



NATIONAL COUNCIL FOR AIR AND STREAM IMPROVEMENT, INC.
SOUTHERN REGIONAL CENTER
Mailing and Street Address:
402 SW 140th Terrace, Newberry, FL 32669
Phone (352) 331-1745
FAX (352) 331-1766

May 01, 2006

Mr. William Crews
Environmental Manager
Smurfit-Stone Container Corp.
North 8th Street
Fernandina Beach, FL 32034

Dear Bill:

This is with reference to your communication with EPA Region 4 on the applicability of certain emission reductions towards the Clean Condensate Alternative (CCA) project at the Fernandina Beach mill. EPA Region 4, in the letter dated April 7, 2006, stated that HAP reductions resulting from equipment modifications implemented to the pulp washing system were not creditable under §63.447 as these modifications were deemed to be equipment upgrades to meet proper operating levels, and not additional improvements in technology.

Based on our reading of EPA's letter, this determination would result in the incorporation of HAP/methanol emission reductions from modifications to the washing system into the "baseline condition" used for CCA project evaluation. This would impact the emission reduction calculations provided in Section 7.0 of the CCA summary report¹ as discussed below:

- (1) The baseline condition for the pulp washing systems would correspond to the operating scenario after the equipment modifications, and
- (2) Emissions from the pulp washing systems would remain unchanged as a result of the proposed CCA project (elimination of the cooling towers).

If the mill were to choose to comply with MACT I Phase II using the HVLC control option at this point, the associated emission reductions would equal 98% of the emissions under the current operating condition. The CCA project would therefore be feasible if the emission reductions are greater than or equal to 98% of current emissions from the pulp washing systems. Table 1 from the CCA summary report¹ is shown below for the revised baseline scenario.

Table 1. Emission Reductions from Affected Sources using New Baseline Condition for BSWs

	Methanol Emissions, lb/odtp		Emission Reductions, lb/odtp	
	Baseline	After CCA Implementation ^c	Required under §63.443	After CCA Implementation
BSW Systems	0.28 ^a	0.28	0.274 ^b	--
WWTP Sources				
Cooling Tower	0.76 ^c	0	0	0.76
UNOX Reactor	0.00002	0.00002	0	0
Secondary Clarifiers	0.0027	0.027 ^d	0	(-0.024)
			0.274	0.736

^a Site-specific testing in Oct 05. Confirmation tests will be carried out during IPT under §63.447

^b 98% control required under §63.443. Emission reductions = $0.98 \times 0.28 = 0.274$ lb/odtp

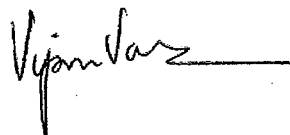
^c Calculated using site-specific data and WATER9 model

^d Downstream impact of cooling tower elimination calculated using worst-case scenario

Compliance under §63.447 would be demonstrated by documenting that the total emission reductions of methanol achieved under CCA (0.736 lb/odtp calculated in Section 7.1 and Table 2 of the CCA Summary Report) are greater than or equal to the emission reductions that would have been achieved through HVLC control. As discussed in Section 7.1 of the CCA summary report¹, site-specific emission testing carried out in October 2005 indicated average methanol emissions of 0.28 lb/odtp from the pulp washing systems. These data would indicate that the CCA project at Smurfit Stone achieves emission reductions (0.736 lb/odtp) that are approximately 2.5 times the emission reductions achieved through HVLC control.

Please do not hesitate to call me at (352) 331-1745, ext. 243, or email me at vvarma@src-ncasi.org, if you need further information.

Sincerely,



Vipin K. Varma
Project Leader

¹ CCA report titled "CCA Summary Report for Compliance with MACT I Phase II" dated November 2, 2005



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 4
ATLANTA FEDERAL CENTER
61 FORSYTH STREET
ATLANTA, GEORGIA 30303-8960

STATE OF FLORIDA
DEPARTMENT OF
ENVIRONMENTAL
PROTECTION

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APR 07 2006

NORTHEAST DISTRICT
JACKSONVILLE, FL

4APT-ATMB

Bill Crews
Environmental Manager
Smurfit-Stone Container Corp.
North 8th Street
Fernandina Beach, FL 32034

Dear Mr. Crews:

This is in response to your e-mail messages dated November 2, 2005, and March 14, 2006, regarding the approval of Smurfit-Stone's creditable emissions under the Clean Condensate Alternative (CCA), pursuant to the Pulp and Paper regulation, 40 C.F.R. 63, Subpart S. Smurfit-Stone's CCA plan is to use hazardous air pollutant (HAP) reduction credits from replacing the wastewater treatment plant cooling tower with non-contact heat exchangers and modifications to the brown stock washer system in-lieu-of controlling certain process vents from the mill's high volume low concentration system. We have reviewed your proposed CCA plan and have two primary areas of concern involving modifications that were completed on the brown stock washer and also the HAP emission estimates from the wastewater treatment system.

Regarding the modifications to the washers, you have explained that changes were made to certain washer lines (i.e., A & B line) because the ventilation system was not operating at a uniform rate because of poor air distribution, turbulence, and pluggage caused by wear and tear over the years. The sheaves and motors in these washers were upgraded to meet their original design specifications. In another washer line (i.e., Kamyr line), you explained that the fans were originally over-designed to capture heat and moisture from the process and building. These lines were redesigned to incorporate smaller duct diameters, fans, and motors; resulting in a more stable flow and reduced emissions due to the lower volume of air in contact with the surface of the washer vat and drum. Your calculations show that that the above modifications result in approximately a 64 percent reduction in washer line HAP emissions.

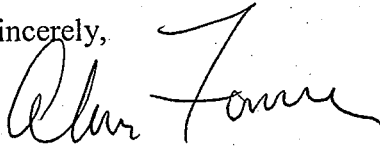
However, we believe that the HAP reductions resulting from the washer line modifications described above are not creditable under the CCA requirements in 40 C.F.R. 63.447. As explained in the Environmental Protection Agency (EPA) memorandum titled "Clean Condensate Alternative for the Pulp and Paper National Emission Standards for Hazardous Air Pollutants (40 C.F.R. 63, subpart S)" dated April 8, 2004, from Stephen Page, Director, Office of Air Quality Planning and Standards, to the EPA Regional Air Directors, mills can make efficiency improvements to a control device and then use the incremental improvements for CCA credit *if the*

emission changes are verifiable and clearly from additional improvements in technology. The modifications described above are not additional improvements in technology, but rather equipment upgrades to meet proper operating levels and result in HAP reductions from emissions that should never have been emitted.

Regarding the HAP emission estimates from the wastewater treatment system, you explained that the WATER9 model was used to estimate emissions from the cooling tower and secondary clarifiers because the model was mentioned in the EPA April 8, 2004, memorandum as an acceptable method for wastewater transport and handling systems provided that site-specific data are used. Although the memorandum does state that WATER9 modeling can be used to calculate emissions from handling systems such as ditches, lift stations, clarifiers, etc., the memorandum also stresses that site-specific data must be used. For cooling towers, a mass balance around the tower using inlet and outlet HAP concentration and flows provides a better estimate of creditable reductions than the WATER9 model. WATER9 is used in cases where inlet and outlet mass balances are not feasible. Therefore, HAP emission estimates should be made using inlet and outlet testing at baseline conditions and also at the post CCA conditions for the wastewater treatment sources at Smurfit-Stone.

EPA Region 4 coordinated this response with EPA Headquarters. If you have any further questions, please contact Lee Page of the Region 4 staff at (404) 562-9131.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Alan Farmer".

G. Alan Farmer
Acting Director
Air, Pesticides & Toxics
Management Division

cc: Chris Kirts, FDEP