Georgia-Pacific

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Consumer Products Division

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July 15, 2010

Mr. Greg Strong
Florida Department of Environmental Protection
District Director
Northeast District
7825 Baymeadows Way, Suite B200
Jacksonville, FL 32256-7590

Re: Administrative Order No. 039-NE

Dear Mr. Strong:

On June 1, 2009, the Florida Department of Environmental Protection ("The Department") issued Georgia-Pacific a letter which set forth additional actions Georgia-Pacific was required to take in order to comply with Administrative Order No. 039-NE (the "AO") before commencing construction of a pipeline to the St. Johns River. To fulfill the requirements of the letter, Georgia-Pacific is submitting the following documents at this time:

- Rice Creek Water Quality Report, dated July 15, 2010, (2009 and 2010 field seasons).
- Technical Memorandum No. 3, "Wastewater Treatment Alternatives Evaluation", prepared by Brown & Caldwell, dated July 15, 2010.

These reports are the final submittals required pursuant to the June 1, 2009, letter.

In addition to the enclosed reports, during the past year, Georgia-Pacific has undertaken the following actions to satisfy the requirements set forth in the June 1 letter:

- On September 1, 2009, Georgia-Pacific submitted a report detailing additional activities to further optimize process improvements since March 2007. These activities included installations of new and improved equipment, changes in the types and amounts of chemicals used and an on-going evaluation of mill processes to identify modifications to potentially further improve water quality. The report also evaluated Best Management Practices to assess the adequacy of controlling spills and leaks, improvements to brown stock washer efficiency and salt cake use and disposal.

- On June 12, 2009, Georgia-Pacific reinstituted the Rice Creek monitoring plan for an additional year of monitoring. As indicated above, the report detailing the results of the monitoring and evaluations required by Sections III. 5.b. and c. of the AO are included with this submittal. The report concludes that water quality standards for color, specific conductance and whole effluent toxicity are not being met at the current discharge to Rice Creek, even with the mill process improvements.

- On September 1, 2009, Georgia-Pacific submitted a report detailing the sampling and analysis of existing sediments within its wastewater treatment ponds. The study identified a very small quantity of dioxin in the legacy solids (less than one tenth of an ounce of dioxin in more than 130 million pounds of solids). As discussed with and agreed to by The Department, Georgia-Pacific has not proposed any specific action to remediate, bypass or remove legacy solids at this time. It is impossible to determine whether dioxin detected in legacy solids would ever cause or contribute to the exceedance of a permit limit or applicable water quality standard given the high level of uncertainty surrounding the potential transport and discharge levels of dioxin from the legacy solids.

- The June 1 letter also required Georgia-Pacific to conduct, or provide funding for The Department to conduct, an additional HVS event following any remediation, bypass or removal of legacy solids. Since no remediation, bypass or removal of legacy solids has occurred, The Department has agreed that HVS is not currently required. While there is no indication that legacy solids are being discharged, Georgia-Pacific continues to work with The Department to reduce the discharge of solids in the Mill's effluent.

- Georgia-Pacific engaged Brown & Caldwell, a third party contractor mutually agreed to by The Department, to conduct a technical and cost feasibility study on the wastewater treatment system, including an evaluation of whether additional technologies or control measures could be practically implemented to further minimize levels of dioxin, particulates, iron, color, specific conductance and whole effluent toxicity in the wastewater discharge in order to meet water quality standards in Rice Creek. A copy of the "Wastewater Treatment Alternatives Evaluation" is included with this letter. The report did not identify any technologies that would provide reliable compliance with all applicable water quality parameters in Rice Creek. Additionally, the capital and operating costs associated with technologies evaluated would not allow the mill to remain viable as currently structured. These system costs must also be compared with the alternative of piping the wastewater to the St. Johns River, which is reasonably assured to meet all water quality standards at a fraction of the cost.

While the "Wastewater Treatment Alternatives Evaluation" has not identified a viable or reliable option for meeting future water quality standards in Rice Creek, Georgia-Pacific has identified, and is moving forward with, implementation plans for several upgrades to the wastewater treatment system and process improvements that will further enhance effluent quality. These include a new press for dewatering primary clarifier solids, a proprietary treatment option aimed at improving raw intake water, a dregs filter upgrade, and optimization of the operation of the secondary treatment system (oxidation ponds). The anticipated environmental benefits of these projects are summarized as follows:

Planned Environmental Investments (2010 – 2012)

Planned Upgrades:

- Primary Clarifier Solids Press
- Proprietary raw water treatment plant modifications
- Dregs Press upgrades
- Optimization of secondary treatment operations (oxidation ponds)
- New and improved treated effluent entry point and pipeline to St. Johns River (pending The Department's evaluation of the reports required by the June 1 letter)

Anticipated Effluent Water Improvements Over Timeframe:

- 20 percent reduction in conductivity
- 30 percent reduction in color
- 100 percent compliance with effluent limits needed to assure that full water quality standards are consistently met in the St. Johns River

These planned environmental upgrades are in addition to the more than $200 million the mill has spent on environmental improvements that included pulp washing and bleaching technology implemented under the AO. These process and optimization improvements and corresponding environmental benefits include:

Process Improvements (1998 - 2007):

Upgrades:

- Dregs Press
- Oxygen Delignification
- New, fully enclosed, Brownstock washers
- New, 100 percent Elemental Chlorine-Free bleach plant
- Numerous other process improvements and water reduction projects

Associated Effluent Water Improvements:

- 40 percent reduction in process water volume
- 73 percent reduction in phosphorous released
- 54 percent reduction in nitrogen released
- 66 percent reduction in water color
- 32 percent reduction in conductivity
- 80 percent reduction in chlorinated organic compounds

Post-Optimization Initiatives (2008-2009)

Upgrades:

- Low chloride caustic usage
- Brownstock washers operating upgrades and software
- Oxygen Delignification upgrades
- Improved Best Management Practices for spills control

Associated Additional Effluent Water Improvements:

- 25 percent reduction in conductivity
- 14 percent reduction in color
- 30 percent reduction in chlorinated organic compounds
- 20 percent reduction in BOD

In addition to the reports submitted pursuant to the June 1 letter, GP has also recently submitted the 2010 Annual Fish Tissue Dioxin Monitoring Report to your office. As set forth in that report in more detail, the level of 2,3,7,8-TCDD in the Rice Creek station immediately downstream from our discharge indicates that the EPA water quality standard of 0.014 ppq is being met.

The reports submitted today with this letter complete Georgia-Pacific's obligations set forth in The Department's June 1 letter. Georgia-Pacific appreciates The Department's ongoing input and involvement in the various submittals. We look forward to The Department's prompt review and evaluation of these final submittals so that Georgia-Pacific can move forward under the remaining terms of the AO, including commencing construction of a pipeline to the St. Johns River. We are available to meet or answer any questions in order to facilitate The Department's evaluation.

Sincerely,

Gary Frost
Vice President Manufacturing

Enclosures