



Progress Energy

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BUREAU OF AIR REGULATION

February 27, 2008

Ms. Trina Vielhauer
Chief, Bureau of Air Regulation
Division of Air Resource Management
2600 Blair Stone Road MS 5500
Tallahassee, Florida 32399-2400

Re: Crystal River Power Plant – BART and RFP Agreement

Dear Ms. Vielhauer,

Thank you very much for meeting with Brenda Brickhouse, Mike Olive, Mike Kennedy and Dave Meyer on Thursday, February 7, 2008 to discuss BART and Reasonable Further Progress at Crystal River units 1 and 2. Confirming our conversation, we discussed a phased and measured approach to visibility improvement that might include:

- Switching to a lower sulfur coal - a 25% reduction in SO₂ from 2.1 lb/mmbtu to 1.575 lb/mmbtu
- Reducing NO_x 20% from 0.45 lb/mmbtu to 0.36 lb/mmbtu employing an overfire air type or similar technology
- Reducing PM 50% from 0.1 lb/mmbtu to .05 lb/mmbtu through design improvements to the precipitator and ash removal system
- Reducing opacity limit on unit 1 from 40% to 20% and reduce opacity limit on unit 2 from 20% to 15%

In addition, with regard to PM, we tentatively agreed to consider units 1 and 2 together as a single emissions source to take advantage of the larger precipitator capacity on unit 2. We believe this approach is allowed under applicable rules, and understand that you will review as well.

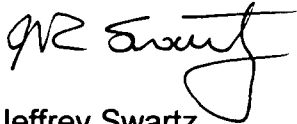
To the extent additional controls or limits may be necessary, it would be our current intent to evaluate any such controls employed and to remodel emissions, and then meet with the FDEP to discuss whether any Reasonable Further Progress (such as further potential reductions in PM and SO₂) is necessary.

Finally, we agreed to provide a revised application in approximately one month, which will include revised modeling results. The revised model will compare the

current impact on visibility considering SO₂, NO_x, and PM to the visibility impact after the proposed reductions.

Again, thank you very much for meeting to discuss BART and Reasonable Further Progress at Crystal River units 1 and 2. If you have any questions please feel free to contact Dave Meyer at (727) 820-5295.

Best Regards,

A handwritten signature in black ink, appearing to read 'JR Swartz', with a stylized flourish at the end.

Jeffrey Swartz
General Manager – Fossil Operations – Florida

Xc: Mr. Jonathan Holtom, P.E.
Mr. Bernie Cumbie