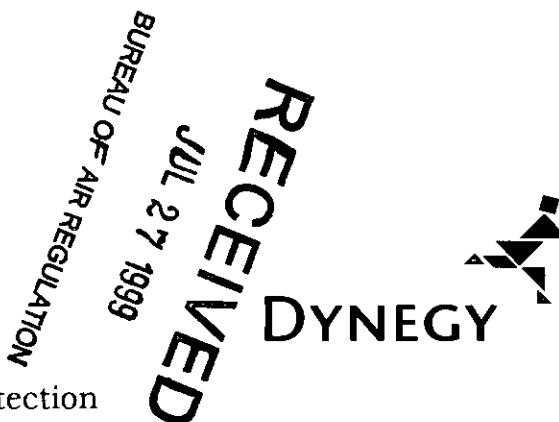


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July 26, 1999

Florida Department of Environmental Protection
Bureau of Air Regulation
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Attention: Mr. A.A. Linero, P.E.

RE: DYNERGY INC.
AIR DISPERSION MODELING PROTOCOL FOR PREVENTION OF
SIGNIFICANT DETERIORATION APPLICATION
PALMETTO POWER PROJECT, OSCEOLA COUNTY, FLORIDA

Dear Mr. Linero:

Dynergy Inc. is proposing to construct and operate an independent power production facility capable of generating a nominal net electrical output of 540 megawatts (MW) in Osceola County, Florida. The proposed project, named Palmetto Power L.L.C., will consist of three combustion turbines (generating approximately 180 MW each) operating in simple cycle mode only. Each combustion turbine will be fired by natural gas only. This project is scheduled for second quarter 2002 completion. The facility will be designed for peaking service with up to 3,000 hours per year of operation.

Under new source review requirements for Prevention of Significant Deterioration (PSD), the proposed project will be considered a major source for nitrogen oxides (NO_x), total particulate matter (PM), particulate matter with aerodynamic diameters less than 10 microns (PM₁₀), and carbon monoxide (CO).

This protocol presents the air dispersion modeling methodology to be used for the PSD analysis, including a discussion of the site geography; air dispersion model to be used; meteorological data; emissions, stack, and building data; receptor locations; and additional impact analyses.

Air Dispersion Model

The air dispersion modeling analysis will be conducted in accordance with air modeling guidelines recommended by the Florida Department of Environmental Protection (DEP). Based on the types of sources for the project, the Industrial Source Complex Short-term (ISCST3, Version 98356) will be used to predict air quality impacts in all areas that are

beyond the project's property boundary. This is latest version of the ISCST3 model available from EPA. All modeling analyses will use the EPA default regulatory options.

Site Geography

The project site is approximately 12 kilometers (km) west of Cocoa. The site is about 20 ft above mean sea level (msl). Around the site, the terrain is flat with elevations at or less than 20 ft above msl.

Since the proposed stack heights for the combustion turbines will be 50 ft, the surrounding terrain is well below the proposed stack top heights. Therefore, the surrounding terrain can be considered as simple (i.e., less than stack top); the simple terrain option will be assumed for the air modeling analysis.

Based on topographical maps of the project site, the land use within a 3-km radius of the site can be classified as rural. As a result, the rural option will be selected in the model.

Meteorological Data

Meteorological data will consist of a 5-year record of hourly surface data from Orlando and upper air observations from Ruskin for the years 1987 to 1991. These data are assumed to be representative of the project site because both the project site and the weather station from Orlando are located in rural areas and are situated in central Florida to experience similar weather conditions, such as frontal passages. These data have been accepted for use by the DEP in other PSD permit applications to address air quality impacts for other proposed sources locating in this county and adjacent counties.

Significant Impact Analysis

Based on air modeling results for similar projects, the project's impacts are expected to be below the EPA Class II significant impact levels (SIL) for all pollutants. Therefore, PSD incremental and NAAQS analyses would not be required. If more detailed modeling indicates that the proposed project's emissions result in predicted ambient air quality impacts above the EPA Class II SIL, discussions will be held with the DEP and emission inventory data of background sources will be obtained as needed.

The nearest PSD Class I areas to the project site are the Chassahowitzka National Wilderness Area (NWA) and the Everglades National Park which are located about 170 and 220 km, respectively, from the site. Other PSD Class I areas are located more than 250 km away from the project site.

Since the project site is more than 150 km away from the Class I areas, it is not expected that the project's emissions will have a significant impact

on these Class I areas. Discussions will be held with the DEP and National Park Service to determine if an air modeling analysis will be required.

Building Data Processing

Building dimensions for the project's structures will be entered into the EPA's Building Profile Input Program (BPIP, Version 95086) for the purpose of obtaining direction-specific building heights and widths for all downwash-affected sources. The direction-specific building dimensions will be input to the ISCST3 model for processing.

Additional Impact Analysis

In addition to the air quality impact analyses, additional analyses will evaluate impairment to visibility and the impact of the proposed project on soils and vegetation. Impacts as a result of general commercial, residential, industrial, and other growth associated with the proposed project will also be addressed.

Please call me at (713) 767-8961 or Bob McCann at Golder Associates Inc. at (352) 336-5600 if you have any questions or comments on the protocol. Dynegy Inc. greatly appreciates the assistance of the DEP on this important project.

Very truly yours,

DYNEGY INC.

A handwritten signature in cursive script, appearing to read "Starla Lacy".

Starla Lacy
Environmental Specialist

cc: R.C.McCann, Golder
File