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MAY 10 1996

**BUREAU OF
AIR REGULATION**

May 9, 1996

Hamilton S. Oven, Jr.
Power Plant Siting Coordinator
Department of Environmental
Protection
3900 Commonwealth Boulevard
Tallahassee, Florida 32399

RE: Okeelanta and Osceola Cogeneration Facilities

Dear Mr. Oven:

This law firm assists Okeelanta Power Limited Partnership (Okeelanta) and Osceola Power Limited Partnership (Osceola) with environmental law issues affecting their cogeneration facilities in Palm Beach County, Florida. On behalf of Okeelanta and Osceola, we are sending you this letter to confirm our understanding about the issues we discussed with you during our telephone conversation on May 1, 1996.

The PSD permit for the Okeelanta cogeneration facility provides that the facility's "gross generating capacity shall not exceed 74.9 megawatts (MW), 1-hour average, except during scheduled emissions compliance and equipment performance tests." ACO 50-219413, PSD-FL-196 at page 5, Specific Condition No. 1; see also page 7, Specific Condition No. 11. The PSD permit for the Osceola cogeneration facility provides that the facility's maximum generating capacity "shall not exceed 74 megawatt (MW), 1 hour average." ACO50-269980, PSD-FL-197A at page 5, Specific Condition No. 1.

Based on our recent telephone discussion with you, it is our understanding that the "1-hour average" described in these PSD permits is a 1 hour rolling average. The one hour averaging period starts when the facility's generation rate exceeds the applicable MW threshold (e.g., 74.9 MW at Okeelanta). In a hypothetical situation, if the gross generating rate of the Okeelanta cogeneration facility momentarily exceeds 74.9 MW due

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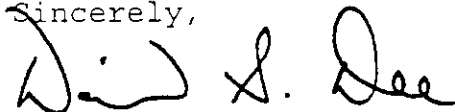
to an upset condition, the facility will have a total of one hour (measured from the start of the upset condition) to reduce the facility's generating rate and attain an average hourly generating rate that is equal to or less than 74.9 MW.

Conversely, the Department will not apply the one hour average to one hour blocks of time (e.g., 1 P.M. until 2 P.M.). This approach will not be used because, if an upset condition occurred 59 minutes after the start of the one hour block, the cogeneration facility would not have an adequate opportunity to reduce its generating rate and come into compliance with the 74.9 MW limit.

Okeelanta and Osceola have raised this issue with the Department because they want to ensure that there is no confusion in the future concerning the proper interpretation of the Department's permit limits. For this reason, Okeelanta and Osceola would greatly appreciate it if the Department would confirm in writing that our understanding about these issues is correct.

Thank you for your cooperation and assistance with this matter. Please call me if you have any questions.

Sincerely,



David S. Dee

cc: Chip Collette
Clair Fancy
Al Linero ✓
Willard Hanks
James Stormer

CC: T. TITTLE, SFD

D. Knowles, SD

Z 127 633 207



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PS Form 3800, March 1993

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Okeelanta Power CP
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South Bay, FL 33493
5. Signature (Addressee)
6. Signature (Agent)

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