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OKEELANTA POWER LIMITED PARTNERSHIP

Flo-Sun, Inc.
U.S. Generating Company

February 28, 1997

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BUREAU OF
AIR REGULATION

Mr. Clair Fancy, P.E.
Department of Environmental
Protection
Bureau of Air Regulation
2600 Blair Stone Road
Twin Towers Office Building
Tallahassee, Florida 32399

Re: Okeelanta Power Limited Partnership
AC 50-219413; PSD-FL-196

Dear Mr. Fancy:

As you know, the Florida Department of Environmental Protection ("DEP") issued a permit (AC 50-219413; PSD-FL-196) to the Okeelanta Power Limited Partnership ("Okeelanta Power") for the construction of a cogeneration facility that will replace the boilers used at an adjacent sugar mill owned and operated by Okeelanta Corporation ("the sugar mill"). On June 14, 1996, DEP issued a permit amendment that authorizes the simultaneous operation of the cogeneration facility and the sugar mill boilers until April 1, 1997, while Okeelanta Power connects, tests, and debugs the interconnected operation of the two facilities.

Although the cogeneration facility was in commercial operation in 1996, it appears that Okeelanta Power will not have enough time to perfect the combined operation of the two facilities by April 1, 1997. Okeelanta Power now needs an extension of time for the simultaneous operation of the cogeneration facility and the sugar mill boilers. On behalf of Okeelanta Power, I respectfully request DEP to approve an amendment to the construction permit for the cogeneration facility and thereby extend the time for simultaneous operations.

The reasons for this request are set forth in more detail in the following paragraphs.

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P.O. BOX 8 SOUTH BAY, FL 33493 561-993-1000 FAX 561-996-6596

Requirements in DEP Construction Permit

The PSD construction permit for Okeelanta Power expressly addresses the simultaneous operation of the boilers at the cogeneration facility and the boilers at the sugar mill. Specific Condition 17 provides that the sugar mill boilers (Boiler Nos. 4, 5, 6, 10, 11, 12, 14, and 15) may be retained for standby operations during the first three years of commercial cogeneration facility operation. As amended on June 14, 1996, Specific Condition 17 provides that:

> 1. Simultaneous operations are authorized until April 1, 1997.
>
> 2. After April 1, 1997, the cogeneration boilers may be operated only when the sugar mill boilers are shutdown or in the process of immediately shutting down.
>
> 3. Only biomass and No. 2 fuel oil may be used as fuel in the cogeneration facility during times of simultaneous operations.
>
> 4. During simultaneous operations, all of the boilers must comply with all of the conditions in their permits.

The PSD permit for the cogeneration facility states that the sugar mill boilers (Boiler Nos. 4, 5, 6, 10, 11, 12, 14, and 15) must be permanently shutdown no later than January 1, 1999.

Specific Condition 18 provides that Boiler No. 16 may be retained as a standby boiler "for the cogeneration facility."[1] Boiler No. 16 may be used during startup, debugging, and testing of the cogeneration facility. After April 1, 1997, this boiler may be operated only when one or more of the three cogeneration boilers are shutdown.

[1] Please note that this provision in the permit should be corrected. Boiler No. 16 currently serves the sugar refinery and serves as a standby boiler for the sugar mill. After the sugar mill boilers are rendered inoperable (i.e., no later than January 1, 1999), Boiler No. 16 will be retained as a standby boiler for the refinery.

Operations at Cogeneration Facility

In addition to providing electricity to Florida Power & Light Company, the cogeneration facility is designed to provide steam to the sugar mill. The Okeelanta Power cogeneration facility initially fired fuel oil for a few days in October 1995. Wood waste fuel was first fired in November 1995. From November 1995 until early February 1996, during startup conditions, the cogeneration facility was operated separately while debugging and testing was conducted. During the 1995-1996 harvest season, there was not enough time to debug the cogeneration facility and test interconnected operations with the sugar mill. In part of February and early March 1996, Okeelanta Power attempted interconnected operations with the sugar mill, but these efforts were unsuccessful. The sugar mill shutdown on March 3, 1996, upon completion of the harvest, and thus eliminated the possibility of additional tests until the next harvest season.

On April 17, 1996, Okeelanta Power submitted a request to DEP for a permit modification, which would extend the time for simultaneous operations and thus extend the time for debugging the interconnected operations of the cogeneration facility and sugar mill.

In its submittal to DEP, Okeelanta Power explained that Okeelanta Power was trying to determine whether certain physical components of the facility needed to be changed or improved. Okeelanta Power's letter also noted that:

> Okeelanta Power cannot predict how quickly all of these technical problems can be resolved. It is estimated that, during the next crop season, 25 to 30 connection trials may be needed to test and increase the reliability of the complete cogen-sugar mill system that will replace the existing sugar mill boiler operation. Okeelanta Power hopes to start and conclude these tests as expeditiously as possible, but cannot predict when those tests will be conducted during the Okeelanta crop season or how long they will take.

The permit amendment for simultaneous operation was approved on June 14, 1996.

Before and after the issuance of the permit amendment, Okeelanta Power worked diligently on the interconnection aspects of the cogeneration facility. Okeelanta Power asked Bechtel

Power Corporation (the project engineer) and other experts to evaluate the key components of the cogeneration facility. Based on their recommendations, several significant interconnection changes were made to the cogeneration facility after the 1995-1996 harvest season. Among other things, a new bagasse feed system was installed.

Okeelanta Power's ability to test interconnected operations on bagasse has been affected by the seasonality of the sugar mill operations, the long lead time associated with the installation of the new bagasse feed system, and other operational and technical considerations. To date the cogeneration facility has connected to the sugar mill for partial operations (i.e., approximately 40% of the projected steam and bagasse transfer) on several occasions. It is anticipated that the cogeneration facility will have additional connections with the sugar mill, including a full interconnection, before the end of the current harvest season. However, the remaining days in the current harvest season are very limited. Okeelanta Power will not be able to conduct an adequate number (i.e., 25 to 30) of trial operations before the end of the 1996-1997 harvest season. After the harvest ends, the sugar mill will shutdown and Okeelanta Power will be unable to test interconnected operations until the 1997-1998 harvest season. Thus, although the facility has reached commercial operation for electricity production, the facility needs additional time for interconnection work with the sugar mill.

Okeelanta Power's Request for a Permit Amendment

Given the limited opportunities for testing during the remainder of the current harvest season, and given the April 1st deadline for the cessation of simultaneous operations, Okeelanta Power believes it is necessary and prudent to request an extension of time from DEP for simultaneous operation. Okeelanta Power needs more time to test and debug the interconnected operation of the cogeneration facility and the sugar mill.

Although Okeelanta Power needs an extension to conduct simultaneous operations for an additional harvest season, Okeelanta Power has very significant financial incentives to cease simultaneous operations as soon as possible. Okeelanta Power needs the bagasse that currently is being used as fuel in the sugar mill. When the bagasse is used in the sugar mill boilers, the cogeneration facility must procure wood waste fuels to replace the bagasse.

Nonetheless, as noted in Okeelanta Power's submittal to DEP on April 17, 1996, Okeelanta Power cannot predict accurately how long it will take to connect, test, and debug the systems that are used during interconnected operations. The testing and debugging process involves some uncertainties. These uncertainties compel Okeelanta Power to maintain some flexibility in its operations, including the flexibility to conduct simultaneous operations, as needed, during the upcoming harvest season. For these reasons, and in light of all of the facts set forth above, Okeelanta Power respectfully requests DEP to amend Okeelanta Power's permit: (a) to allow simultaneous operation of the cogeneration facility and Boiler Nos. 4, 5, 6, 10, 11, 12, 14, 15, and 16 through the next crop season (i.e., April 1, 1998); and (b) to correct Specific Condition 18 to show that Boiler No. 16 is a standby boiler for the sugar refinery and sugar mill.

During times of simultaneous operation, Okeelanta Power will continue to comply with all applicable provisions of its current construction permit. The cogeneration facility will use only biomass fuel or No. 2 fuel oil during simultaneous operations.

Ambient Air Quality Impacts

The air quality impacts associated with the simultaneous operation of the cogeneration facility and the sugar mill were described in the permit application for the construction permit. Those impacts are the same as previously described in the permit application. The simultaneous operation of the cogeneration facility and sugar mill will not cause or contribute to a violation of any ambient air quality standards or PSD increments. This request for a permit amendment only extends the time when such impacts potentially may occur.

Conclusion

Okeelanta Power would greatly appreciate DEP's prompt consideration of this request for a permit amendment.

Okeelanta Power has enclosed a check in the amount of $250 to pay the DEP fee for a permit amendment.

Please call me or Mr. David Buff (phone no. 352-336-5600) if you have any questions about this request for a permit amendment.

Sincerely,

Dennis V. Space
General Manager

cc: David Knowles--DEP Ft. Myers
James Stormer--HRS PBC
Willard Hanks--DEP Tallahassee
James Meriwether--OPLP
Ricardo Lima--OC
David S. Dee--Landers & Parsons
David Buff--Golder & Associates

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CC: EPA
NPS
K. Anderson, DEP

(Date)

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Dennis V. Space, General Manager
Okeelanta Power Limited Partnership
Post Office Box 8
South Bay, Florida 33493

Dear Mr. Space:

Re: Amendment of Permit
AC 50-219413/PSD-FL-196

The Department has reviewed the letter dated February ___, 1997 from Okeelanta Power Limited Partnership and Okeelanta Power's request that the above-referenced permit be amended to allow additional time for the simultaneous operation of the boilers at Okeelanta Corporation's sugar mill and the new cogeneration boilers at the facilities located near South Bay, Palm Beach County, Florida. This request is acceptable and the referenced permit is amended as follows:

SPECIFIC CONDITIONS FOR OKEELANTA POWER LIMITED PARTNERSHIP

FROM:

17. During the first three years of commercial cogeneration facility operation, the existing Boilers Nos. 4, 5, 6, 10, 11, 12, 14, and 15 (Permit Nos. AO50-169210, 190690, 175414, 190693, 175411, 169215, 189904, and 209094, respectively), may be retained for standby operation. During the period from initial firing until April 1, 1997, all three cogeneration boilers can be operated simultaneously with the existing boilers. Only biomass and No. 2 fuel oil may be used in the cogeneration boilers during periods of simultaneous operation. If more than 910,836 lb/hr steam is generated in the cogeneration boilers, steam in excess of 910,836 lb/hr must be sent to the Okeelanta sugar mill, and the existing boiler's steam production reduced by an equivalent amount. After April 1, 1997, the cogeneration boilers may be operated only when the existing sugar mill boilers are shutdown or in the process of immediately shutting down. During operation, the existing boilers must meet all requirements in the most recent construction and operation permits for the boilers. These existing boilers shall be shutdown and rendered incapable of operation within three (3) years of commercial startup of the cogeneration facility, but no later than January 1, 1999.

18. Boiler No. 16 (AC50-191876) may be retained as a standby boiler for the cogeneration facility provided its permit is amended to authorize standby use. Boiler No. 16 may be operated during startup, debugging, and testing of the cogeneration facility. After April 1, 1997, this boiler may be operated only when one or more of the three cogeneration boilers are shutdown. During operation, this boiler must meet all requirements in the current construction or operating permit for the boiler.

TO:

17. During the first three years of commercial cogeneration facility operation, the existing Boilers Nos. 4, 5, 6, 10, 11, 12, 14, and 15 (Permit Nos. AO50-169210, 190690, 175414, 190693, 175411, 169215, 189904, and 209094, respectively), may be retained for standby operation. During the period from initial firing until April 1, **1998**, all three cogeneration boilers can be operated simultaneously with the existing boilers. Only biomass and No. 2 fuel oil may be used in the cogeneration boilers during periods of simultaneous operation. If more than 910,836 lb/hr steam is generated in the cogeneration boilers, steam in excess of 910,836 lb/hr must be sent to the Okeelanta sugar mill, and the existing boiler's steam production reduced by an equivalent amount. After April 1, **1998**, the cogeneration boilers may be operated only when the existing sugar mill boilers are shutdown or in the process of immediately shutting down. During operation, the existing **sugar mill** boilers must meet all requirements in the most recent construction and operation permits for the boilers. These existing boilers shall be shutdown and rendered incapable of operation within three (3) years of commercial startup of the cogeneration facility, but no later than January 1, 1999.

18. Boiler No. 16 (AC50-191876) may be retained as a standby boiler for the **sugar refinery and sugar mill in accordance with its existing permit.** Boiler No. 16 may be operated during startup, debugging, and testing of the cogeneration facility. After April 1, **1998**, this boiler may be operated only when one or more of the three cogeneration boilers are shutdown. During operation, this boiler must meet all requirements in the current construction or operating permit for the boiler.

A copy of this letter shall be attached to the referenced permit and shall become a condition of that permit.

STATE OF FLORIDA DEPARTMENT
OF ENVIRONMENTAL PROTECTION .

_____
Howard L. Rhodes, Director
Division of Air Resources
Management

CERTIFICATE OF SERVICE

The undersigned duly designated deputy clerk hereby certifies that all copies of this INTENT TO ISSUE PERMIT AMENDMENT were mailed by certified mail before the close of business on _____ to the listed persons.

Clerk Stamp

FILING AND ACKNOWLEDGEMENT
FILED, on this date, pursuant to §120.52(11), Florida Statutes, with the designated Department Clerk, receipt of which is hereby acknowledged.

_____
Clerk Date

Attachment: Okeelanta Power's February ___, 1997 letter

Copies furnished to:

David Knowles, SD
Isidore Goldman, SED
James Stormer, PBCHD
Jewell Harper, EPA
John Bunyak, NPS

David Buff, Golder
David Dee, Landers & Parsons

/vc:FLSN5