

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
NOTICE OF FINAL PERMIT MODIFICATION

In the Matter of an
Application for Permit Modification

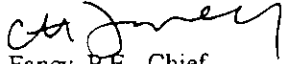
Mr. Rodney Williams, Plant Manager
Okeelanta Power Limited Partnership
Post Office Box 8
South Bay, Florida 33493

DEP File No. 0990332-009-AC
PSD-FL-196

Enclosed is a letter that modifies Permit Number PSD-FL-196. This letter modifies the construction permit for Okeelanta Power's cogeneration facility to allow additional time for concurrent operation of the Okeelanta sugar mill's existing boilers and the new cogeneration boilers while problems with the interconnections between the plants are being resolved. This modification also requires periodic reporting of the status of the interconnection. This permit modification is issued pursuant to Section 403, Florida Statutes.

Any party to this order (permit) has the right to seek judicial review of the permit pursuant to Section 120.68, F.S., by the filing of a Notice of Appeal pursuant to Rule 9.110, Florida Rules of Appellate Procedure, with the Clerk of the Department in the Legal Office; and by filing a copy of the Notice of Appeal accompanied by the applicable filing fees with the appropriate District Court of Appeal. The Notice of Appeal must be filed within 30 (thirty) days from the date this Notice is filed with the Clerk of the Department.

Executed in Tallahassee, Florida.


C.H. Fancy, P.E., Chief
Bureau of Air Regulation

CERTIFICATE OF SERVICE

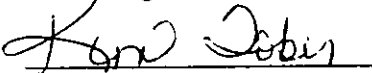
The undersigned duly designated deputy agency clerk hereby certifies that this NOTICE OF FINAL PERMIT MODIFICATION (including the FINAL permit modification) was sent by certified mail (*) and copies were mailed by U.S. Mail before the close of business on 6-15-98 to the person(s) listed:

Mr. Rodney Williams, Okeelanta Power L.P. *
Mr. Daniel Thompson, Berger, Davis & Singerman
David Knowles, SD
Isidore Goldman, SED
James Stormer, PBCHD

Brian Beals, EPA
John Bunyak, NPS
David Buff, Golder Associates
David Dee, Landers & Parsons

Clerk Stamp

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


(Clerk) 6-15-98
(Date)

FINAL DETERMINATION

Okeelanta Power Limited Partnership

Permit No. PSD-FL-196

Permit Modification No. 0990332-009-AC

An Intent to Issue an air construction permit Modification for Okeelanta Power L.P.'s cogeneration facility located near South Bay in Palm Beach County was distributed on March 26, 1998. The Public Notice of Intent to Issue Air Construction Permit Modification was published in the Palm Beach Post newspaper on May 1, 1998. This newspaper has circulation in Palm Beach County.

Comments were submitted in response to the Department's Intent by the permittee's attorney on April 22, 1998. The attorney commented that the cogeneration boilers are reliable and that the permit modification was needed to provide time to improve the interconnections between the sugar mill and the cogeneration facility. The Department has reworded the proposed modifications to specific conditions Nos. 17 and 26 to better describe the reason for the modification.

The final action of the Department will be to issue the permit as proposed except for the changes noted above.

P 265 659 357

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	
Rodney Williams	
Street & Number	
Okelanta Power	
Post Office, State, & ZIP Code	
South Bay, FL	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	
090332-009-AC P50-FL-196	

PS Form 3800, April 1995

our RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
Mr. Rodney Williams
Okelanta Power, LP
P.O. Box 8
South Bay, FL
33493

4a. Article Number
P 265 659 357

4b. Service Type

Registered Certified

Express Mail Insured

Return Receipt for Merchandise COD

7. Date of Delivery
9-19-78

5. Received By: (Print Name)
Kathy Clarke

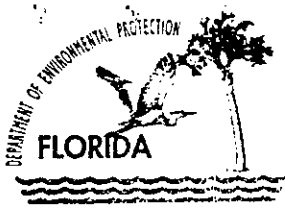
8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)
Kathy Clarke

Form 3811

Return Receipt

Thank you for using Return Receipt Service.



Department of Environmental Protection

Lawton Chiles
Governor

Virginia B. Wetherell
Secretary

June 10, 1998

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Rodney Williams, Plant Manager
Okeelanta Power Limited Partnership
Post Office Box 8
South Bay, Florida 33493

Re: Permit Modification No. 0990332-009-AC
PSD-FL-196

Dear Mr. Williams:

The Department has reviewed Mr. David Dee's February 27 letter requesting a modification to the referenced permit. The requested modification is to allow additional time for the simultaneous operation of Okeelanta's existing sugar mill boilers and your new cogeneration boilers. The affected facilities are located near South Bay, Palm Beach County, Florida. This request is acceptable, with conditions, and Specific Conditions Nos. 17, 18, and 26 of the referenced permit are modified as follows:

MODIFIED SPECIFIC CONDITIONS FOR OKEELANTA POWER L. P. PERMIT

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 until the interconnections (bagasse fuel and steam systems) between the cogeneration facility and the sugar mill are commercially and operationally reliable, but no later than April 1, 2000. During the period from initial firing until April 1, ~~1998-2000~~ 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 boilers' steam production reduced by an equivalent amount. After April 1, ~~1998 2000~~, 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, when the interconnected operations are commercially and operationally reliable, but no later than January 1, 1999~~ April 1, 2001.
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

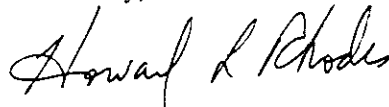
Mr. Rodney Williams
Page Two
Okeelanta Power, LP

testing of the cogeneration facility. After April 1, ~~1998~~ 2000, 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.

26. Stack monitoring, fuel usage, ~~and~~ fuel analysis data, and the status of the interconnections between the sugar mill and the cogeneration facility shall be reported to the Department's South and Southeast District Offices and to the Palm Beach County Health Unit on a quarterly basis commencing with the start of commercial operation in accordance with 40 CFR, Part 60, Sections 60.7 and 60.49a, and in accordance with Section 17-297.500, F.A.C.

A copy of this letter shall be filed with the referenced permit and shall become part of the permit. This permit modification is issued pursuant to Chapter 403, Florida Statutes. Any party to this order (permit modification) has the right to seek judicial review of the permit pursuant to Section 120.68, F.S., by the filing of a Notice of Appeal pursuant to Rule 9.110, Florida Rules of Appellate Procedure, with the Clerk of the Department in the Legal Office; and by filing a copy of the Notice of Appeal accompanied by the applicable filing fees with the appropriate District Court of Appeal. The Notice of Appeal must be filed within 30 (thirty) days from the date this Notice is filed with the Clerk of the Department.

Sincerely,



Howard L. Rhodes, Director
Division of Air Resources
Management

Enclosure: Landers & Parsons February 27, 1998 letter.

HLR/wh

LANDERS & PARSONS, P.A.
ATTORNEYS AT LAW

CINDY L. BARTIN
DAVID S. DEC
JOSEPH W. LANDERS, JR.
JOHN T. LAVIA, III
FRED A. MCCORMACK
PHILIP S. PARSONS
ROBERT SCHEFFEL WRIGHT

HOWELL L. FERGUSON
OF COUNSEL

VICTORIA J. TSCHINKEL
SENIOR CONSULTANT
NOT A MEMBER OF THE FLORIDA BAR

310 WEST COLLEGE AVENUE
POST OFFICE BOX 271
TALLAHASSEE, FLORIDA 32302
TELEPHONE (850) 681-0311
TELECOPY (850) 224-5595
www.landersonparsons.com

February 27, 1998

RECEIVED

FEB 27 1998

BUREAU OF
AIR REGULATION

Clair Fancy, P.E.
Bureau Chief
Bureau of Air Regulation
Department of Environmental
Protection
2600 Blair Stone Road
Mail Station 5505
Tallahassee, Florida 32399-2400

Re: Okeelanta Power Limited Partnership
DEP Permit No. AC50-219413; PSD-FL-196

0440332-009-AC

Dear Mr. Fancy:

This law firm assists Okeelanta Power Limited Partnership ("Okeelanta Power") with various environmental law issues affecting the operation of Okeelanta Power's cogeneration facility ("Facility") in Palm Beach County, Florida. On behalf of Okeelanta Power, we hereby request the Department of Environmental Protection ("DEP") to grant an extension of time for the simultaneous operation of the Facility's boilers with the boilers at the adjacent sugar mill. More specifically, Okeelanta Power wishes to amend Specific Conditions 17 and 18 of the Facility's DEP permit (DEP Permit No. AC50-219413; PSD-FL-196), in the manner shown below:

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, 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

Mr. Clair Fancy
Page Two
February 27, 1998

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.

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, 2000, 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 boilers' steam production reduced by an equivalent amount. After April 1, 2000, 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 April 1, 2001.

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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, 2000, 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.

Current Status of Operations

On May 14, 1997, Okeelanta Power Limited Partnership filed a petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Florida. The Chapter 11 filing was precipitated, in large part, by a dispute between Okeelanta Power and Florida Power & Light Company ("FPL") in which FPL claims it has no further obligations under certain power purchase agreements. FPL has refused to make capacity payments to Okeelanta Power, thus causing a shortfall in Okeelanta Power's monthly cash receipts. On or about September 15, 1997, Okeelanta Power suspended operations at the Facility and shutdown the Facility's boilers. Okeelanta Power and other parties entered into a Term Sheet agreement, which was approved by the Bankruptcy Court, authorizing (but not requiring) operation of the Facility on an interim basis.

As you know, the Florida Department of Environmental Protection issued a permit to Okeelanta Power for the construction of the Facility, which was expected to replace the boilers used at Okeelanta Corporation's sugar mill. On June 14, 1996, DEP issued a permit amendment that authorized the simultaneous operation of the Facility and the sugar mill's boilers until April 1, 1997, so that Okeelanta Power might connect, test and fine tune the interconnected operation of the two facilities. In 1997, this deadline was extended to April 1, 1998, because although Okeelanta Power had connected and begun testing, it had not had enough time to perfect the combined operation of the two facilities.

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It was expected that the 1997-1998 harvesting season would provide Okeelanta Power with adequate opportunities to complete the fine tuning of the interconnected operations. However, from the date of DEP's permit amendment in 1997 to the present, the Facility has not been able to complete the interconnection testing with the sugar mill for the reasons described below. The Facility could not conduct interconnected operations with the sugar mill after the end of the harvest season in the Spring of 1997 because the sugar mill was shut down for routine repairs and maintenance. Due to the legal problems and resulting financial difficulties described above, the Facility shutdown in September 1997, before the start of the 1997-1998 harvest. The Facility was not restarted until February 25, 1998. Since the current harvest season will end soon, completion of the fine tuning process will not be possible during the 1997-98 harvest season. After the end of the current harvest, the sugar mill will again shutdown, the bagasse will be gone, and it will not be possible to test interconnected operations until the 1998-1999 harvest season, at the earliest.

Request for a Permit Amendment

Given the limited opportunities for interconnected operations 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 essential to request an extension of time from DEP for simultaneous operations.

In light of the FPL litigation and the bankruptcy case, Okeelanta Power cannot predict accurately how long it will take to connect and fine tune the systems that are used during interconnected operations. The legal proceedings create significant uncertainties and problems for Okeelanta Power. The fine tuning process itself involves additional uncertainties. Given these uncertainties, Okeelanta Power must maintain flexibility in its planning and operations.

Okeelanta Power has significant incentives to complete the fine tuning process expeditiously, but Okeelanta Power does not wish to establish a deadline in the DEP permit that may become unattainable. Okeelanta Power also does not wish to be placed in a position where it must again return to the Department to request another extension of time. Since Okeelanta Power has been unable to connect the Facility to the sugar mill at all during the current harvest season, Okeelanta Power believes its authorization to conduct tests of interconnected operations should be extended to include the next two harvest seasons, if necessary.

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Accordingly, for all of the reasons set forth above, Okeelanta Power respectfully requests DEP to amend the Facility's permit to allow the simultaneous operation of the Facility and Okeelanta Corporation's boilers through April 1, 2000.

Okeelanta Power also requests the Department to extend the deadline for dismantling the boilers at the sugar mill until April 1, 2001. This extension is necessary to enable Okeelanta Power to resolve any issues concerning interconnected operations. Obviously, the boilers at Okeelanta Corporation's sugar mill cannot be dismantled until Okeelanta Power has connected to the sugar mill and established normal, long-term operating conditions.

Ambient Air Quality Impacts

The air quality impacts associated with the simultaneous operation of the cogeneration facility and the sugar mill were described by KBN in the permit application for the Facility's construction permit. Those impacts are the same as previously described in the permit application. The simultaneous operation of the 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.

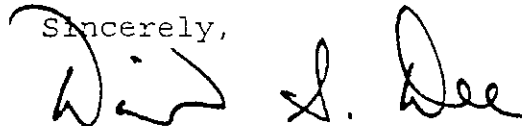
Conclusion

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

We have enclosed a check (No. 006535) from Okeelanta Power in the amount of \$250 to pay the DEP fee for a permit amendment.

Please call me at (850) 681-0311 if you have any questions about this request for a permit amendment.

Sincerely,



David S. Dee

cc: David Knowles--DEP Ft. Myers
James Stormer--HRS PBC
Willard Hanks--DEP Tallahassee