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September 28, 1999

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

RECEIVED  
SEP 28 1999  
BUREAU OF AIR REGULATION

Re: Okeelanta Power Limited Partnership  
DEP File No. 0990332-010-AC; PSD-FL-196

0990332-011-AC

Dear Mr. Fancy:

PSO-FI-1966

This law firm assists Okeelanta Power Limited Partnership ("Okeelanta Power") with various environmental law issues affecting the operations 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 and the boilers at the adjacent sugar mill. Okeelanta Power wishes to amend Specific Conditions 17 and 18 of the Facility's DEP permit (DEP File No. 0990332-010-AC; PSD-FL-196) in the manner shown below:

17. The existing Boilers Nos. 4, 5, 6, 10, 11, 12, 14, and 15 (Permit Nos. A0 50-169210, 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~~ 2002. During the period from initial firing until April 1, ~~2000~~ 2002, all three cogeneration boilers can be operated simultaneously with the existing sugar mill 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~~ sugar mill boilers' steam production reduced by an equivalent amount. After April 1, ~~2000~~ 2002, the cogeneration boilers may be operated only when the existing sugar mill boilers are

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shut down 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 ~~when the interconnected operations are commercially and operationally reliable,~~ but no later than April 1, ~~2001~~ 2003.

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~~ 2002, 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 filed a petition for relief under Chapter 11 of the U.S. 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 lawsuit filed by Florida Power & Light Company ("FPL") in which FPL claims it has no further obligations to Okeelanta Power 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. 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 PSD permit to Okeelanta Power for the construction of the Facility, which was expected to replace the boilers used at Okeelanta Corporation's sugar mill. DEP subsequently issued permit amendments that extended the timetable for the simultaneous operation of the Facility and the sugar mill's boilers so that Okeelanta Power might connect, test, and fine tune the interconnected operations of the two facilities. The DEP permit now provides that the sugar mill's boilers may be retained for standby operations until the interconnections between the sugar mill and the Facility are "commercially and operationally reliable", but not later than April 1, 2000.

#### Request for a Permit Amendment

The Facility's boilers were used in lieu of the sugar mill's boilers during most of the 1998-99 harvest. Nonetheless, the FPL litigation and bankruptcy case continue to create uncertainty about the fate of the Facility. Until these legal proceedings are concluded satisfactorily, there will be a need to retain the mill boilers.

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Okeelanta Power cannot predict accurately how long it will be necessary to have the sugar mill boilers available for use, if needed. The trial in the FPL case will not occur until at least May, 2000, and may be followed by appeals or other legal proceedings.

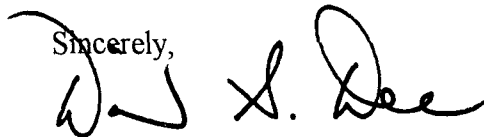
Given these uncertainties, Okeelanta Power respectfully requests DEP to amend the Facility's permit to allow the simultaneous operation of the Facility and Okeelanta Corporation's boilers through April 1, 2002. Okeelanta Power also requests the Department to extend the deadline for dismantling the boilers at the sugar mill until April 1, 2003. The boilers at Okeelanta Corporation's sugar mill cannot be dismantled until the pending legal issues are resolved satisfactorily.

Conclusion

Okeelanta Power would greatly appreciate DEP's prompt consideration of this request for a permit amendment. We have enclosed a check (No. 013672) 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: Phil Barbaccia - DEP Ft. Myers  
James Stormer - HRS PBC

cc: J. Koerner, BAR  
EPA  
NPS