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DIVISION OF AIR
RESOURCES MANAGEMENT



July 11, 2002

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Mr. Howard L. Rhodes, P.E., Director
Division of Air Resources Management
Florida Department of Environmental Protection
Mail Station #5505
2600 Blair Stone Road
Tallahassee, FL 32399-2400

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

RE: DEP FILE NO. 099-0568-001-AC/PSD-FL-266
LAKE WORTH GENERATION, L.L.C. COMBINED CYCLE PROJECT
SEMI-ANNUAL REPORT OF CONSTRUCTION ACTIVITIES
JULY 1, 2001 - DECEMBER 31, 2001

Dear Clair:

This semi-annual report of the construction activities is submitted on behalf of Lake Worth Generation, L.L.C. (LWG) as required by the April 2, 2001 permit extension. This semi-annual report covers the period from January 1, 2002 through June 30, 2002. As described in the Department's Project Evaluation for the permit extension, information was provided by LWG concerning the construction activities and contractual commitments for the project. The first and second semi-annual reports were submitted to your office with updates on construction activities and commitments from January 1, 2001 through December 31, 2001. This report provides updated information on those activities and commitments provided to the Department as well as additional tasks that have occurred over the semi-annual period of January 1, 2002 through June 30, 2002.

Combustion Turbine - The combustion turbine was delivered in February 2002. The turbine has been installed. Photographs of the installed turbine that were taken on June 11, 2002 are attached.

Gas Pipeline - Construction of the gas pipeline was completed in March 2002. The pipeline has been tested and filled with natural gas.

Energy Services Agreement (ESA) - As described previously, the ESA has been executed with the City of Lake Worth for interconnection with existing City of Lake Worth facilities. The separate three-way interconnection agreement between LWG, City of Lake Worth, and Florida Power & Light Company was signed by all parties. The cost associated with these agreements was \$3.4 million dollars.

Other Major Equipment - Purchase Orders have been issued on all engineered equipment and the various components are in some form of manufacturing and/or delivery. Total value of equipment on order is \$ 67 million.

Engineering/Procurement/Construction (EPC) Contract for Facility - The original EPC Contractor, NEPCO, was terminated due to ENRON bankruptcy. WW Gay has been hired to replace NEPCO. Overall the project is 61% complete. Retaining walls are complete, rough grading is complete, most foundations are complete, underground pipelines are 90% complete, underground electrical conduit and vaults are complete, grounding grid is 80% complete, sound attenuation wall is complete. Attached are pictures taken July 11, 2002 of the foundations.

EPC Contract for Electrical Interconnection - Design engineering was completed and all engineered equipment was bid and PO's issued. Switchyard construction work is 20% complete. Hypoluxo interconnection with FPL was completed. Fiber optic cable has been delivered.

Project Entrance and Roads - As reported previously, construction of the north/south road and the project entrance road has been completed.

Public Works Maintenance Building - As reported previously, activities related to the relocation of the City of Lake Worth's Public Works Department have been completed. This included plugging and abandoning four wells, drilling of one new well, construction of the new building, Certificate of Occupancy issued, relocation of city staff and equipment, and demolition of old Water Department Building.

Demolition and Utilities Relocation - As reported previously, activities related to the demolition and utilities relocation have been completed. This included demolition of the Donkey Boiler Building, demolition of the oil tanks, power installed in the new Building Maintenance Department Building and Paint Shop Building, underground pipeline completed, and relocation of power lines.

Streets and Sanitation Department Relocation - Construction is complete and the city personnel and equipment occupy the facility.

Please call if you have questions.

Sincerely,

GOLDER ASSOCIATES INC.



Kennard F. Kosky, P.E.
Principal

KFK/blr

cc: Mr. Derald Wildharber, Lake Worth Generation, L.L.C.
Mr. Brian Chatlosh, Lake Worth Generation, L.L.C.
Mr. Leonard Shapiro, Energy Resources Group, Inc.
Mr. Isadore Goldman, FDEP Southeast District
Mr. James Stormer, Palm Beach County Health Department
Mr. Richard Zwolak, Golder Tampa



Photo 1. Lake Worth Generation

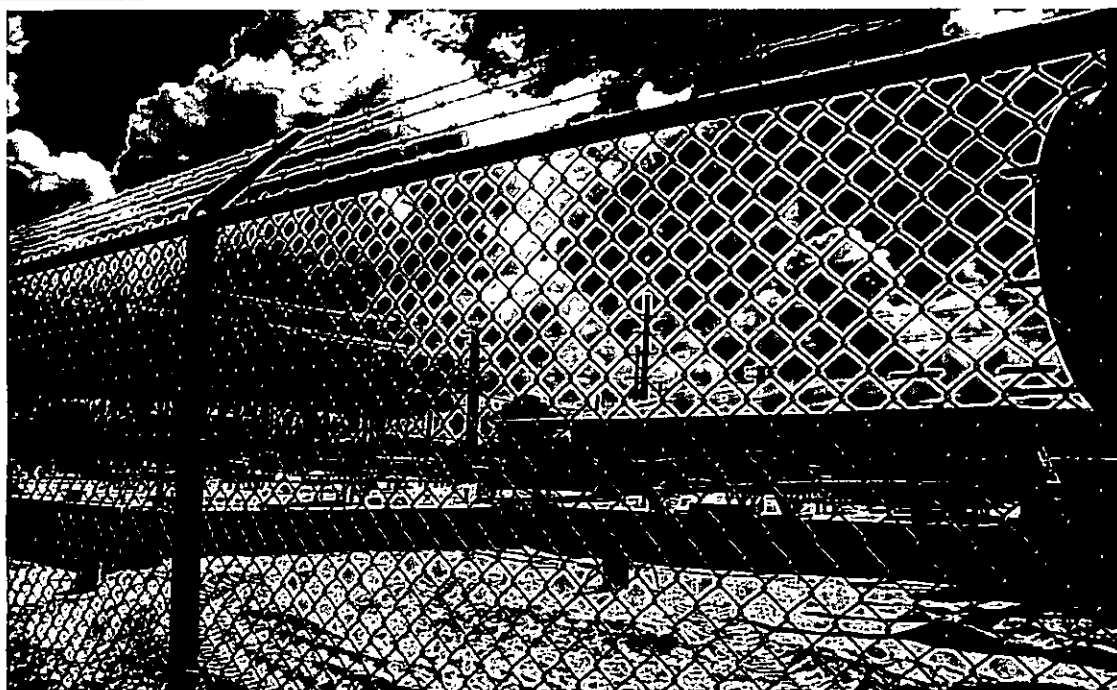


Photo 2. Lake Worth Generation

Figure #1

Title Lake Worth Generation

Photographs of Construction Activities Taken June 11, 2002

Source: Golder, 2002





Photo 3. Lake Worth Generation

Figure #2

Title Lake Worth Generation

Photograph of Construction Activities Taken June 11, 2002

Source: Golder, 2002.

