



Jeb Bush  
Governor

# Department of Environmental Protection

Twin Towers Office Building  
2600 Blair Stone Road  
Tallahassee, Florida 32399-2400

David B. Struhs  
Secretary

June 28, 2002

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Ben Jacoby, Director  
Midway Development Company, L.L.C.  
Post Office Box 1188  
Houston, Texas 77251-1188

Re: DEP File No. 1110099-003-AC (PSD-FL-305)  
Midway Energy Center  
Three Simple Cycle Combustion Turbines

Dear Mr. Jacoby:

The Department reviewed a request from Mr. Scott Churbock of Enron North America dated March 28, 2002 and additional information dated June 10 for extension of the referenced air construction permit. The request is to extend the commencement of construction date until February 14, 2004 and the permit expiration date to February 14, 2006.

Per the June 10 communication from Enron North America, we will reduce the number of hours during which fuel oil may be fired from 1000 to 500 hours per year per unit. This will result in a substantial reduction in the potential to emit because emissions during fuel oil firing are greater than during natural gas firing. The change will bring the project in-line with some of our most recent determinations since issuance of the subject permit.

We have accepted the submittal from General Electric dated May 21, 2002 as adequate to support keeping the present nitrogen oxides limitation while firing fuel oil for this specific permitted project. We have incorporated the information from GE in such a manner to encourage operating the unit such that NO<sub>x</sub> emissions are minimized while burning fuel oil.

We received from Enron NA only "relative" water-to-fuel (WTF) ratios in terms of percent of full load WTF ratios rather than "physical" ratios in terms of pounds of water per pound of fuel for different loads. We, therefore, used as a target, the water-to-fuel ratio of 1.2 for the 100 percent base load case. The value was derived from successful testing conducted by GE/EER on FPL Martin simple cycle Unit 8A in mid-2001. At that value and at 100 percent of base load, Martin Unit 8A attained approximately 36 ppmvd NO<sub>x</sub> at 15 percent O<sub>2</sub>.

The Department hereby determines that the request to extend the dates to commence and to complete construction is acceptable. The following permit specific conditions are hereby modified as follows:

*"More Protection, Less Process"*

*Printed on recycled paper.*

## SECTION II – CONDITION 6

PSD Approval to Construct Expiration: Approval to construct shall become invalid if construction is not commenced ~~within 18 months after receipt of such approval by February 14, 2004,~~ or if construction is discontinued for a period of 18 months or more, or if physical construction is not completed within a reasonable time by August 31, 2005. ~~The Department may extend the 18-month period upon a satisfactory showing that an extension is justified.~~ [40 CFR 52.21(r)(2)].

## SECTION II – CONDITION 8

Completion of Construction: The permit expiration date is ~~June 30, 2003~~ February 14, 2006. Physical construction shall be complete by ~~December 31, 2002~~ August 31, 2005. The additional time provides for testing, submittal of results, and submittal of the Title V permit to the Department.

## SECTION III – CONDITION 8

Fuel oil usage: The three stationary gas turbines shall operate no more than an average of ~~1000~~ 500 hours per installed unit on fuel oil during any consecutive 12-month period. [Applicant Request, Rule 62-210.200, F.A.C. (Definitions - Potential Emissions), Rule 62-212.400, F.A.C. (BACT)]

## SECTION III – CONDITION 16

A water injection (WI) system shall be installed for use when firing No. 2 or superior grade distillate fuel oil for control of NO<sub>x</sub> emissions. The WI system shall be operated to minimize NO<sub>x</sub> emissions within the terms of General Electric's present gas turbine warranty for the project. The nominal Water to Fuel Ratio shall equal at least 1.2 pounds of water per pound of fuel at 100 percent of base load and shall nominally adhere to the attached characteristic curve. The permittee shall justify any deviations from this requirement to the Department in conjunction with submittal of initial testing required by 40 CFR 60, Subpart GG. [Design, Rules 62-4.070 and 62-212.400, F.A.C. (BACT), Enron NA letter dated June 10, General Electric letter dated May 21, 2002 and Water/Fuel Ratio versus Load Curve]

## SECTION III – CONDITION 22

Sulfur Dioxide (SO<sub>2</sub>) and Sulfuric Acid Mist (SAM) Emissions: SO<sub>2</sub> and SAM emissions shall be limited by firing pipeline natural gas (sulfur content less than 2 grains per 100 standard cubic foot) or No. 2 distillate fuel oil with a maximum 0.05 percent sulfur for ~~1000~~ 500 hours per year per unit. Emissions of SO<sub>2</sub> shall exceed neither 11 lb/hr (natural gas) nor 104 lb/hr (fuel oil). Emissions of sulfuric acid mist shall exceed neither 2 lb/hr (natural gas) nor 16 lb/hr (fuel oil). These emissions shall be measured by applicable compliance methods described below. [40CFR60 Subpart GG and Rules 62-4.070, 62-212.400, and 62-204.800(7), F.A.C.]

A copy of this letter shall be filed with the referenced permit and shall become part of the permit. This permitting decision is issued pursuant to Chapter 403, Florida Statutes.

A person whose substantial interests are affected by the proposed permitting decision may petition for an administrative proceeding (hearing) under sections 120.569 and 120.57 of the Florida Statutes. The petition must contain the information set forth below and must be filed (received) in the Office of General Counsel of the Department at 3900 Commonwealth Boulevard, Mail Station #35, Tallahassee, Florida, 32399-3000. Petitions filed by the permit applicant or any of the parties listed below must be filed within fourteen days of receipt of this notice of intent. Petitions filed by any persons other than those entitled to written notice under section 120.60(3) of the Florida Statutes must be filed within fourteen days of publication of the public notice or within fourteen days of receipt of this notice of intent, whichever occurs first. Under section 120.60(3), however, any person who asked the Department for notice of agency action may file a petition within fourteen days of receipt of that notice, regardless of the date of publication. A petitioner shall mail a copy of the petition to the applicant at the address indicated above at the time of filing. The failure of any person to file a petition within the appropriate time period shall constitute a waiver of that person's right to request an administrative determination (hearing) under sections 120.569 and 120.57 F.S., or to intervene in this proceeding and participate as a party to it. Any subsequent intervention will be only at the approval of the presiding officer upon the filing of a motion in compliance with Rule 28-106.205 of the Florida Administrative Code.

A petition that disputes the material facts on which the Department's action is based must contain the following information: (a) The name and address of each agency affected and each agency's file or identification number, if known; (b) The name, address, and telephone number of the petitioner, the name, address, and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination; (c) A statement of how and when petitioner received notice of the agency action or proposed action; (d) A statement of all disputed issues of material fact. If there are none, the petition must so indicate; (e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action; (f) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action; and (g) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action.

A petition that does not dispute the material facts upon which the Department's action is based shall state that no such facts are in dispute and otherwise shall contain the same information as set forth above, as required by Rule 28-106.301.

Because the administrative hearing process is designed to formulate final agency action, the filing of a petition means that the Department's final action may be different from the position taken by it in this notice. Persons whose substantial interests will be affected by any such final decision of the Department on the application have the right to petition to become a party to the proceeding, in accordance with the requirements set forth above. Mediation is not available in this proceeding.

In addition to the above, a person subject to regulation has a right to apply for a variance from or waiver of the requirements of particular rules, on certain conditions, under Section 120.542 F.S. The relief provided by this state statute applies only to state rules, not statutes, and not to any federal regulatory requirements. Applying for a variance or waiver does not substitute or extend the time for filing a petition for an administrative hearing or exercising any other right that a person may have in relation to the action proposed in this notice of intent.

The application for a variance or waiver is made by filing a petition with the Office of General Counsel of the Department, 3900 Commonwealth Boulevard, Mail Station #35, Tallahassee, Florida 32399-3000. The petition must specify the following information: (a) The name, address, and telephone number of the petitioner; (b) The name, address, and telephone number of the attorney or qualified representative of the petitioner, if any; (c) Each rule or portion of a rule from which a variance or waiver is requested; (d) The citation to the statute underlying (implemented by) the rule identified in (c) above; (e) The type of action requested; (f) The specific facts that would justify a variance or waiver for the petitioner; (g) The reason why the variance or waiver would serve the purposes of the underlying statute (implemented by the rule); and (h) A statement whether the variance or waiver is permanent or temporary and, if temporary, a statement of the dates showing the duration of the variance or waiver requested.

The Department will grant a variance or waiver when the petition demonstrates both that the application of the rule would create a substantial hardship or violate principles of fairness, as each of those terms is defined in Section 120.542(2) F.S., and that the purpose of the underlying statute will be or has been achieved by other means by the petitioner.

Persons subject to regulation pursuant to any federally delegated or approved air program should be aware that Florida is specifically not authorized to issue variances or waivers from any requirements of any such federally delegated or approved program. The requirements of the program remain fully enforceable by the Administrator of the EPA and by any person under the Clean Air Act unless and until the Administrator separately approves any variance or waiver in accordance with the procedures of the federal program.

This permitting decision is final and effective on the date filed with the clerk of the Department unless a petition is filed in accordance with the above paragraphs or unless a request for extension of time in which to file a petition is filed within the time specified for filing a petition pursuant to Rule 62-110.106, F.A.C., and the petition conforms to the content requirements of Rules 28-106.201 and 28-106.301, F.A.C. Upon timely filing of a petition or a request for extension of time, this order will not be effective until further order of the Department.

Any party to this permitting decision (order) has the right to seek judicial review of it under section 120.68 of the Florida Statutes, by filing a notice of appeal under Rule 9.110 of the Florida Rules of Appellate Procedure with the clerk of the Department of Environmental Protection in the Office of General Counsel, Mail Station #35, 3900 Commonwealth Boulevard, Tallahassee, Florida, 32399-3000, 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 must be filed within thirty days after this order is filed with the clerk of the Department.

Executed in Tallahassee, Florida



Howard L. Rhodes, Director  
Division of Air Resources  
Management

**CERTIFICATE OF SERVICE**

The undersigned duly designated deputy agency clerk hereby certifies that this PERMIT MODIFICATION was sent by certified mail (\*) and copies were mailed by U.S. Mail before the close of business on 7/1/02 to the person(s) listed:

cc: Melissa Meeker, DEP SED  
Tom Tittle, DEP SED  
Gregg Worley, EPA  
John Bunyak, NPS  
Chair, St. Lucie County BCC  
Mayor, City of St. Lucie  
Scott Churbock, Enron North America  
Blair Burgess, P.E., ENSR

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.

Victoria Gibson July 1, 2002  
(Clerk) (Date)

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
*(Domestic Mail Only; No Insurance Coverage Provided)*

7001 0320 0000 0220 1000 2692 8406

**OFFICIAL USE**

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$</b>

Postmark  
Here

Sent To  
Ben Jacoby  
-----  
Street, Apt. No.;  
or PO Box No.  
PO Box 1188  
-----  
City, State, ZIP+4  
Houston, TX 77251-1188



## GE Power Generation

David J. Balevic  
Manager – Combustion Design Engineering

Gas Turbine Operation  
General Electric Company  
PO Box 648  
300 Garlington Road, FD-4  
Greenville, SC 29602-0648

Phone: (864)254-3402 or 8\*288-3402  
Fax: (864)254-2380 or 8\*288-2380

May 21, 2002

Mr. Scott Churbock  
Environmental Manager  
Enron North America  
1400 Smith Street  
Houston, TX 77002

Subject: Water Injection for NO<sub>x</sub> Abatement

Dear Sir,

Industrial gas turbines must provide power generation to maintain reliable electric supply within the US and elsewhere. In addition to reliable operation, which provides grid stability, industrial gas turbine emissions need to be minimized to reduce the environmental impact of operation. GE, through its research and development efforts, has maintained a leadership position in industrial gas turbine emissions and operational reliability, maintainability, and availability. To reduce NO<sub>x</sub> in GE's Dry Low NO<sub>x</sub> combustion systems, water injection is used to suppress combustion system flame temperature while firing liquid fuel. The magnitude of flame temperature suppression is proportional to the rate of water injection and NO<sub>x</sub> reduction. Over suppression of the flame temperature by increasing the water injection rate has been demonstrated to produce the following consequences:

- Elevated combustion dynamics resulting in premature combustion hardware failure, collateral damage to the hot gas path section of the gas turbine, and forced outages measured in weeks.
- Reduced flame stability at extreme ambient conditions resulting in increased unit trips.
- Less reliable, available gas turbines resulting in lost customer revenue and increased maintenance costs.
- Reduced gas turbine efficiency at base load resulting in increased emissions on a lb/MW basis.
- Out of compliance CO and VOC at part load.

GE's water injection schedule used to achieve 42 ppm NO<sub>x</sub> for liquid fuel is the optimal water injection rate to maintain reliable equipment operation and minimum total plant emissions (NO<sub>x</sub>, CO, VOC).

For these reasons, GE's industrial gas turbine warranty will not cover damage to the gas turbine resulting from operation outside of GE's defined water injection schedule. State permits mandating that owners of GE gas turbines operate outside of GE's defined water injection schedule which achieves 42 ppm NO<sub>x</sub>, risk increased gas turbine forced outages that could reduce grid stability. GE cannot support operation of large industrial gas turbines outside the design and operating envelope due to the damages that have been demonstrated to result from such operation.

Sincerely,

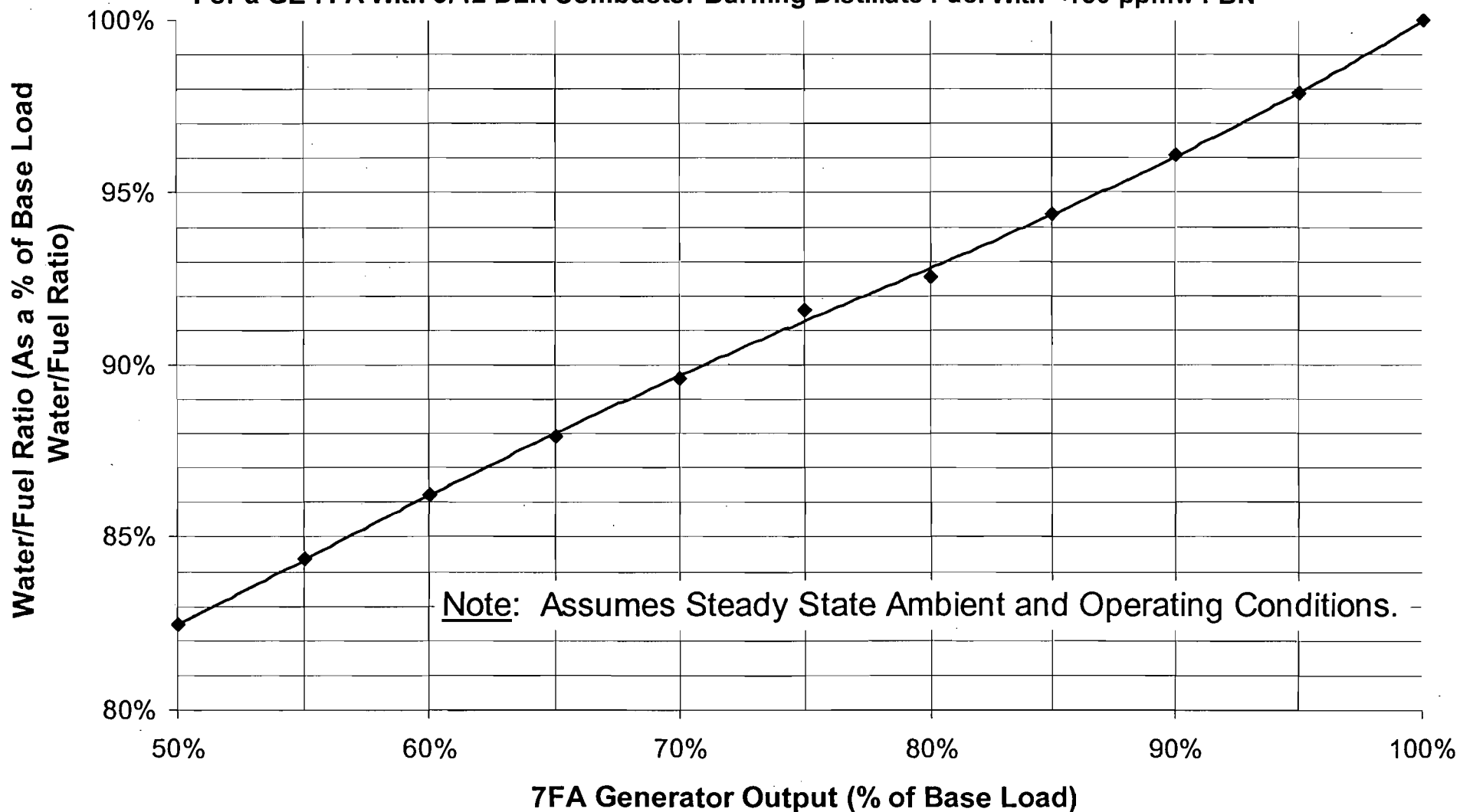
  
David Balevic  
Manager - Combustion Design Engineering

  
Donald Hoffmann  
Gas Turbine Product Line Leader

# Water/Fuel Ratio vs Load

## Assuming a NO<sub>x</sub> Target of 42ppmvd @ 15 vol.% O<sub>2</sub>

For a GE 7FA With 9/42 DLN Combustor Burning Distillate Fuel With <150 ppmw FBN







*GE Energy and Environmental Research Corporation*

ATTACHMENT A

SUMMARY OF TECHNICAL EDITS

FLORIDA POWER AND LIGHT COMPANY  
MARTIN STATION POWER PLANT

Initial Compliance Demonstration for  
Air Emissions Permit Limits on Units 8A and 8B  
Combustion Turbine in the Simple Cycle Mode  
Distillate Oil

Prepared for:

General Electric Company  
1 River Road  
Building 2, Room 506  
Schenectady, New York 12345

Prepared by:

GE - Energy and Environmental Research Corporation  
1001 Aviation Parkway  
Morrisville, NC 27560  
(919) 460-1060

Issued on July 31, 2001  
Attachment prepared January 9, 2002

**RECEIVED**

MAY 11 2002

J. Torosian

**RECEIVED**

MAY 06 2002

BUREAU OF AIR REGULATION



**GE Energy and Environmental Research Corporation**

Table 4-5. Emission Summary Table for FP&L, Indiantown, FL - Unit 8A  
Approximately 100% Base Load Conditions on Distillate Oil -CEMS PARAMETERS

Test Identification					
Test Period	--	1	2	3	Average
Test Condition	load level, %	100	100	100	
Sampling Location	--	stack	stack	stack	
Date	--	05-Jun-01	05-Jun-01	05-Jun-01	
Test Time (start-stop)	--	1235-1335	1435-1540	1855-1955	
<b>Ambient Conditions</b>					
Barometric Pressure	In. Hg	29.80	29.80	29.80	29.80
Ambient Temperature	°F	91	92	87	90.0
Wet Bulb Temperature	°F	82	80	78	80.0
Absolute Humidity	lb water/lb dry air	0.02166	0.01945	0.01869	0.01993
<b>Turbine Operating Conditions</b>					
Turbine Exhaust Temperature, TTXM	°F	1121.9	1117.5	1110.7	1116.7
Fuel Flow, FQLMI	lb/sec	25.47	25.76	26.28	25.84
Compressor Inlet Temperature, CTIM	°F	85.7	80.9	73.5	80.0
Specific Humidity, CMHUM	lb/lb	0.01796	0.01785	0.01695	0.01758
Inlet Guide Vane Angle, CSGV	degrees	88.0	88.0	88.0	88.0
Generator Output, DWATT	MW	171.8	175.4	179.9	175.7
Compressor Discharge Pressure, CPD	psig	212.7	215.2	218.9	215.6
Water Injection Flow, WQ	lb/sec	31.4	31.8	32.6	31.9
Ratio, Act. NOx Water to Fuel, WXJ	--	1.23	1.23	1.24	1.23
Ratio, Req. NOx Water to Fuel, WXC	--	1.21	1.20	1.21	1.21
<b>Exhaust Gas Conditions</b>					
Volumetric Flow, M-19, F <sub>d</sub>	dscfm	692,590	698,910	712,120	701,210
Volumetric Flow, M-19, F <sub>c</sub>	dscfm	684,890	691,680	703,350	693,310
Moisture	%V	10.2	12.3	12.3	11.6
O <sub>2</sub>	%	12.6	12.6	12.6	12.6
CO <sub>2</sub>	%	6.2	6.3	6.3	6.3
F <sub>o</sub> Factor	--	1.332	1.333	1.333	1.332
NO <sub>x</sub>	ppmvd	50.2	51.6	51.6	51.1
<b>Exhaust Emissions</b>					
Sulfur Dioxide	% by Vol, dry @15%O <sub>2</sub>	0.0007	0.0007	0.0007	0.0007
VOC	ppmvw lb/hr	0.8 0.03	0.5 0.02	0.1 0.003	0.5 0.02
CO	ppmvd lb/hr	0.3 1.0	0.6 2.0	0.8 2.6	0.6 1.9
NO <sub>x</sub>	ppmvd @ 15% O <sub>2</sub> lb/hr	35.6 248.8	36.5 258.1	36.5 263.1	36.2 258.4

Revised



**Enron North America Corp.**

P.O. Box 1188  
Houston, TX 77251-1188

**VIA OVERNIGHT MAIL**

March 28, 2002

Mr. Al Linero  
New Source Review  
Division of Air Resource Management  
Florida Department of Environmental Protection  
2600 Blair Stone Road, MS 5500  
Tallahassee, FL 32399-2400

**RECEIVED**

**MAR 29 2002**

**BUREAU OF AIR REGULATION**

Re: Extension Request for The Midway Energy Center  
Permit Number PSD-FL-305

Dear Mr. Linero:

On behalf of the Midway Development Company, L.L.C. ("MDC"), Enron North America is submitting this letter as a formal request to extend the above referenced permit's construction commencement and completion dates, in accordance with permit conditions II.6, II.9. and Rule 62-4.080 F.A.C. This request is being made for additional time to allow for the procurement of equipment, completion of engineering activities, and construction of this facility. No request is being made for relief of any of the other existing permit conditions. Furthermore, MDC will complete the construction of this facility in full compliance with the permit conditions as well as all applicable federal, state and local rules and regulations. Based on our recent discussion, I understand that this request will be administered as an administrative modification. Therefore, enclosed is a fifty-dollar (\$50.00) check for the modification fee.

Specifically, MDC requests the following changes be made:

**Section II, Item 6**

Summary of change:

Extend the construction commencement date by an additional 18 months to February 14, 2004.

Revised Text:

PSD Approval to Construct Expiration: Approval to construct shall become invalid if construction is not commenced within ~~18~~ **36** months after receipt of such approval, or if construction is discontinued for a period of ~~18~~ **36** months or more, or if construction is

not completed within a reasonable time. The Department may extend the 18-month period upon a satisfactory showing that an extension is justified.

**Section II, Item 8**

Summary of change:

Extend the construction completion dates by an additional 18 months from the date of the extension of the construction commencement requirement date (proposed Item 6).

Revised Text:

Completion of Construction: The permit expiration date is ~~June 30, 2003~~ **February 14, 2006**. Physical construction shall be complete by ~~December 3, 2002~~ **August 14, 2005**. The additional time provides for testing, submittal of results, and submittal of the Title V permit to the Department.

Should you have any questions or require any additional information regarding this request please contact me at 713/345-4623.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Scott Churbock". The signature is fluid and cursive, with the first name "Scott" and last name "Churbock" clearly distinguishable.

Scott Churbock  
Environmental Manager

Enclosure

**MIDWAY ENERGY CENTER**  
**MEETING AGENDA REGARDING**  
**AIR PERMIT EXTENSION REQUEST**  
**MAY 29, 2002**

- I. Permit Extension Request, March 28, 2002**
  - a. Start of Construction: 18 month extension**
  - b. Construction Completion: 18 month from Start of Construction**
  
- II. DEP Response, April 26, 2002, Issues:**
  - a. Natural gas availability and the necessity of fuel oil back up**
    - i. New natural gas supply sources**
    - ii. Other similar projects without fuel oil back up**
  - b. Current technology capabilities for NOx emission controls while firing fuel oil.**
    - i. Water injection rates**
    - ii. Manufacturer limitations**
  - c. Remaining site activities**
  - d. Statement of facility compliance**
  
- III. Moving Forward**
  - a. Utilization of fuel oil back up.**
  - b. Timing of extension**



David J. Balevic  
Manager - Combustion Design Engineering

## GE Power Generation

Gas Turbine Operation  
General Electric Company  
PO Box 648  
300 Garlington Road, FD-4  
Greenville, SC 29602-0648

Phone: (864)254-3402 or 8\*288-3402  
Fax: (864)254-2380 or 8\*288-2380

May 21, 2002

Mr. Scott Churbock  
Environmental Manager  
Enron North America  
1400 Smith Street  
Houston, TX 77002

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Sincerely,

  
David Balevic  
Manager - Combustion Design Engineering

  
Donald Hoffmann  
Gas Turbine Product Line Leader

# OpCo Business Segments

---

## Transportation Services

- Over 15,000 miles of pipeline
- 8 Bcf/d of capacity
- \$2.7 B book value assets
- 5,200 employees

## Power Distribution

- 75,000 miles of distribution
- 2,100 miles of transmission
- Over 1,900 MW generation
- 2.5 million customers
- \$4.4 B book value assets
- 5,000 employees

## Generation and Production

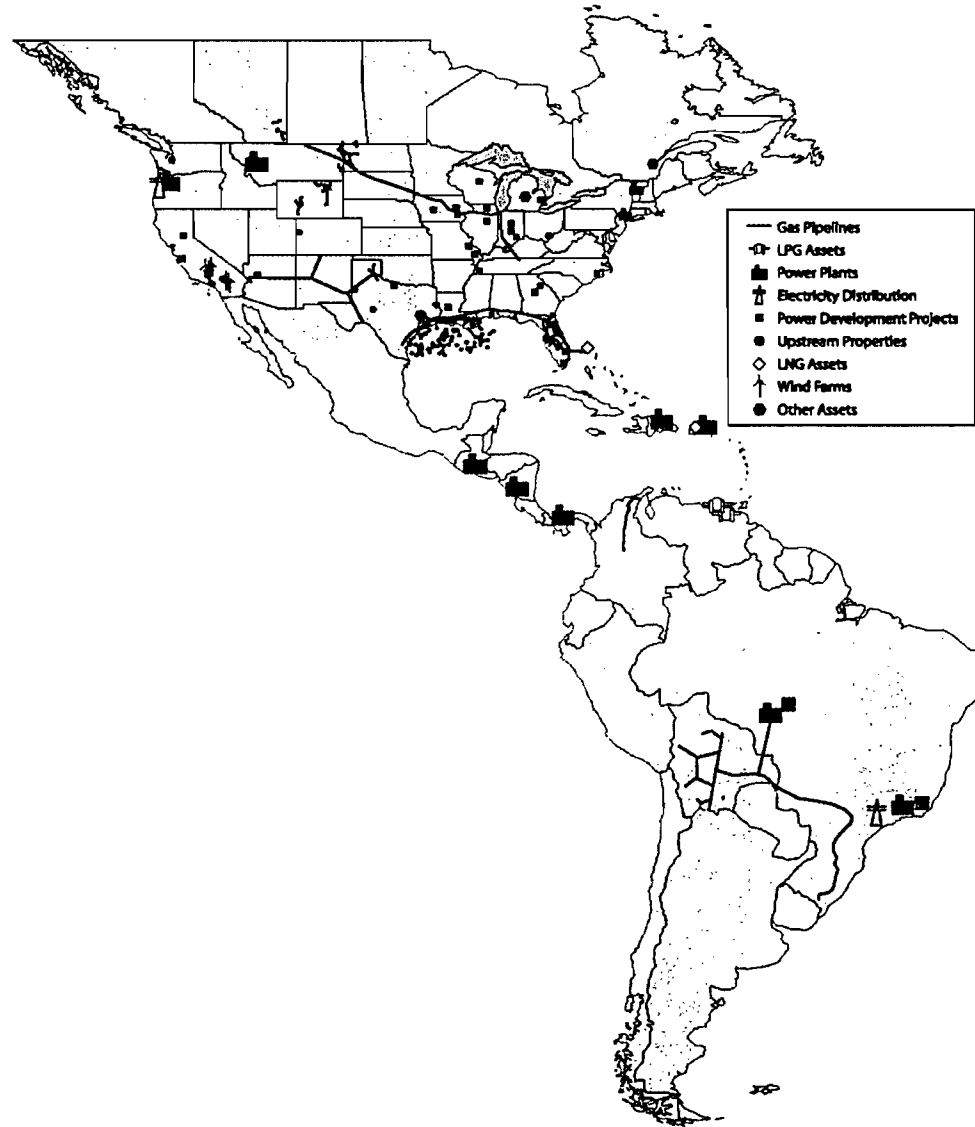
- 4,800 MW generation
- Over 20,000 MW potential capacity
- 100 MMcfe/d of production
- Over 360 Bcfe of proved and probable reserves
- 1,000 miles of pipeline with 2.0 Bcf/d capacity
- \$3.7 B book value assets
- 1,700 employees

**Low Cost Efficient Operator**

**Stable Predictable Cash Flows**

**Significant Presence in High Growth Markets**

# Major Assets

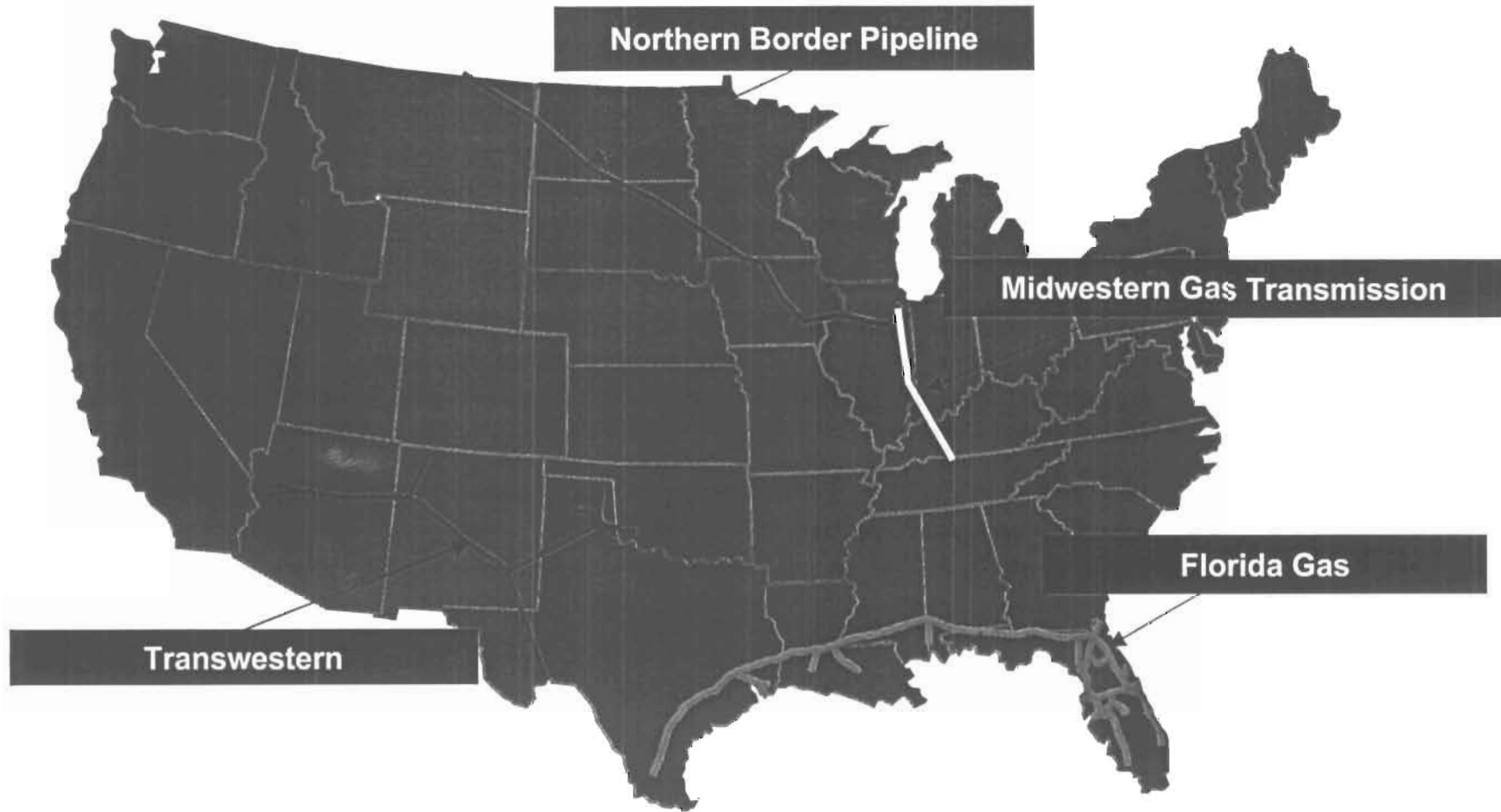




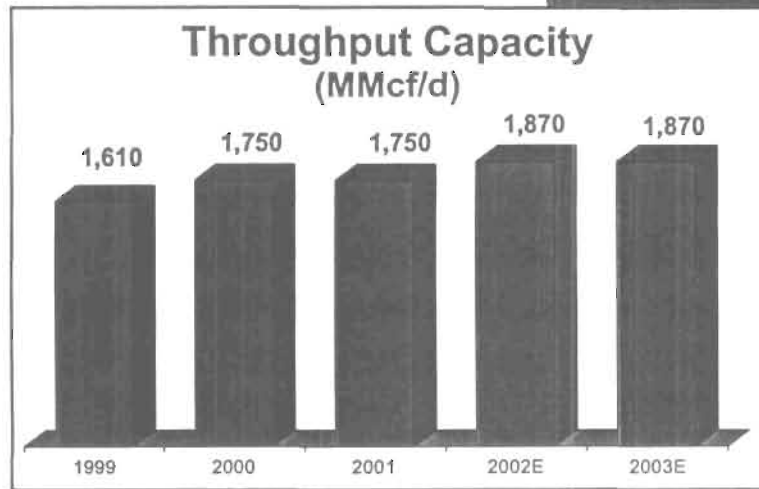
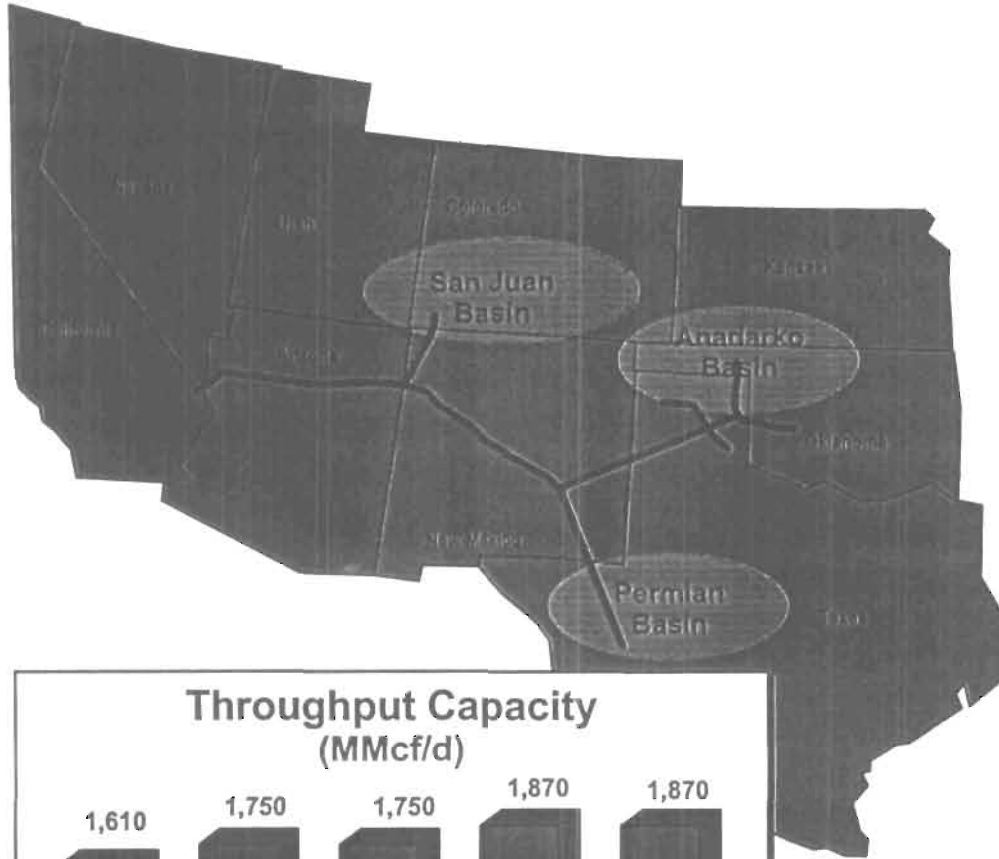
# **Transportation Services**

# North American Interstate Pipelines

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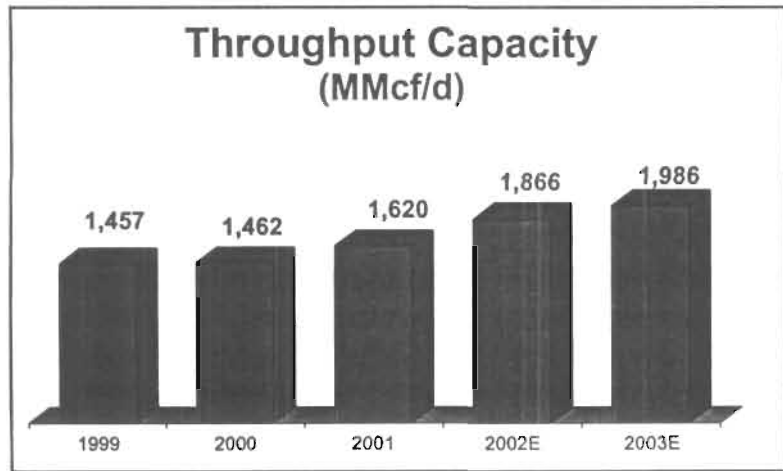
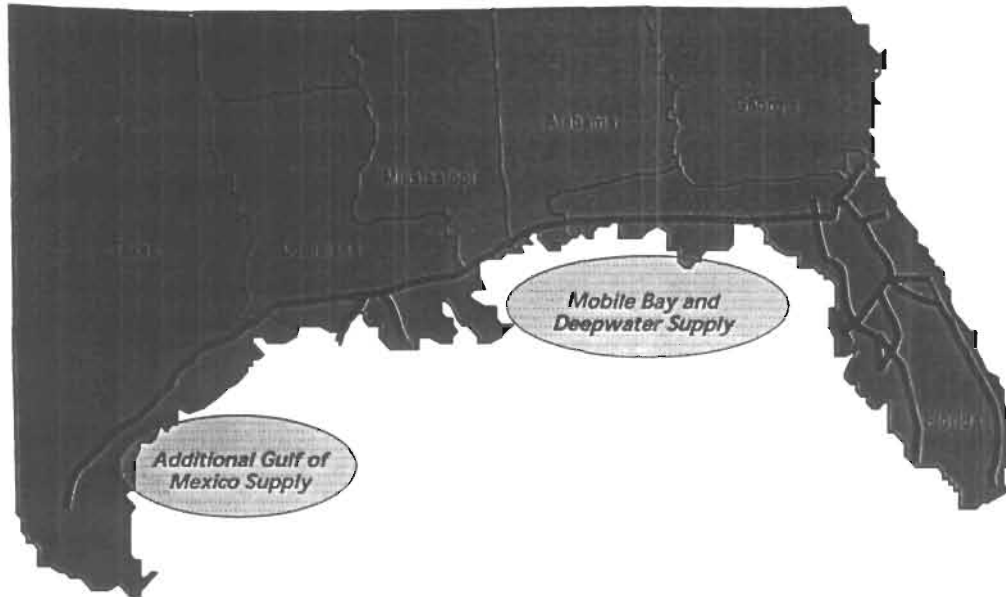


# Transwestern Pipeline Company



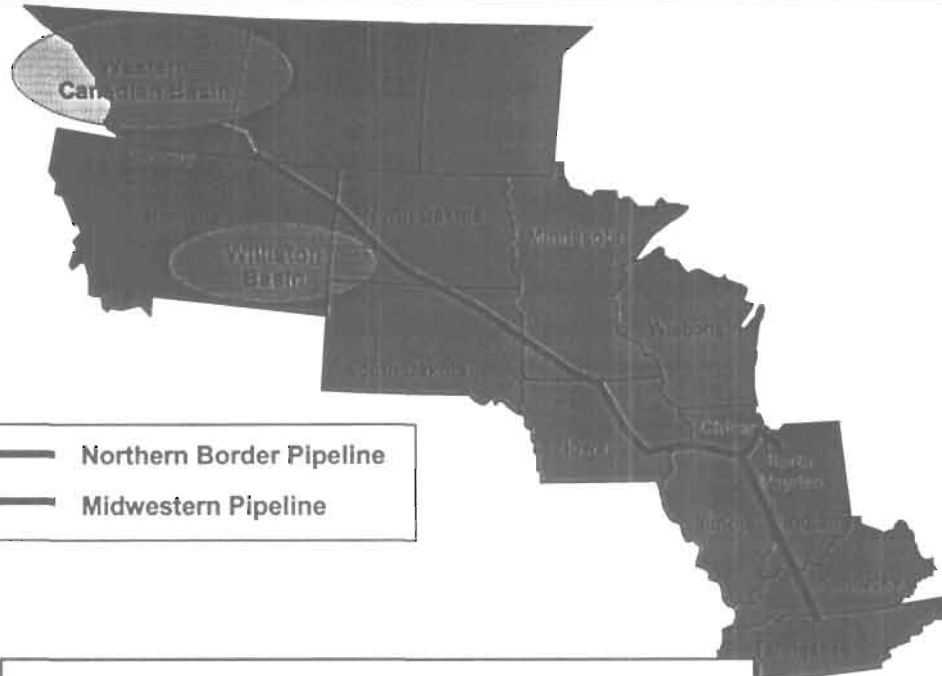
- 2,600 mile pipeline extending from west Texas to the California border with 1.9 Bcf/day of capacity
- Bi-Directional Flow Capabilities Provides Flexibility to Rapidly Adapt to Regional Demand
- Over 80% of Revenues From Demand Charges
- Western Deliveries Subscribed on average 85% Through Dec 2005; Well-Positioned for Recontracting
- No New Rate Case Until November 2006
- Positioned to take advantage of strong demand growth in southwest U.S.
- 100% Owned by Enron

# Florida Gas Transmission



- 4,800 mile pipeline extending from south Texas to south Florida with capacity of 1.9 Bcf/day
- Serves Rapidly Growing Peninsular Florida
- Extensive Access to Gas Supply
- Approximately 95% of Revenues From Demand Charges
- 85% of Capacity Contracted Through 2010; 70% Through 2015
- Two major expansions currently underway
- New Rate Case Required October 2003
- Competitive pipeline project, Gulfstream, construction currently underway
- Owned 50% by Enron and 50% by El Paso, operated by Enron

# Northern Border Partners



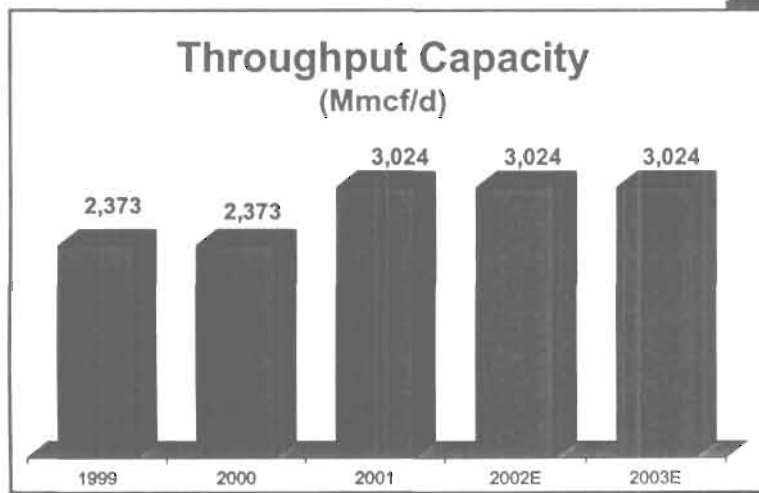
- 1,752 miles of interstate pipelines with capacity of 3.0 Bcf/day
- Enron owns a 1.65% General Partner Interest in NBP, L.P.; is the operator and receives incentive payments

## Northern Border Pipeline

- Low-cost link between Canadian reserves and Midwest market
- Fully contracted under long-term agreements; average remaining life of nearly 6 years
- Well-positioned to compete with recent additions to Canadian capacity
- No new rate case until November 2005

## Midwestern Gas Transmission

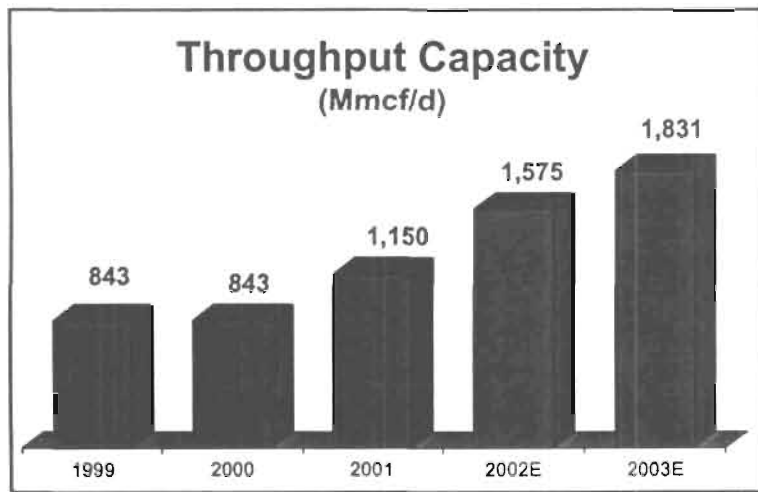
- Strategically located "header" system in Chicago area
- Well positioned to serve new electric generation load



# Bolivia-to-Brazil Pipeline System



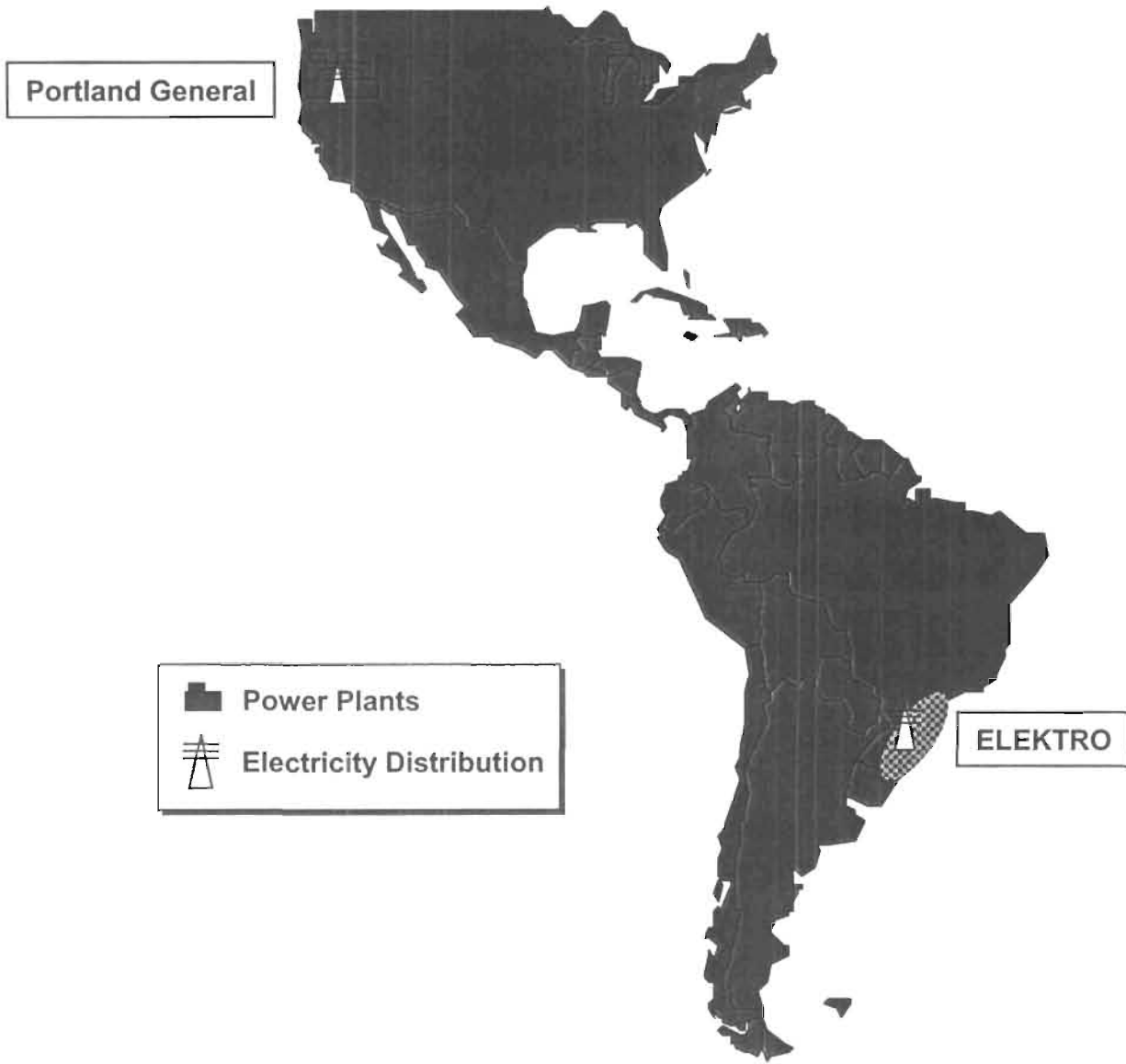
- 6,000 mile “inter-country” pipeline with a projected capacity of 1.8 Bcf/d by 2003 and expansion opportunities
- Only pipeline connecting abundant Bolivian gas fields with consumption region of Brazil
- Fully contracted under long term agreements
- Negotiated tariff structure
- Minority interest owned by Enron with the following JV partners:
  - Shell
  - Petrobras
  - El Paso Energy
  - British Gas
  - Total Fina Elf



# **Power Distribution**

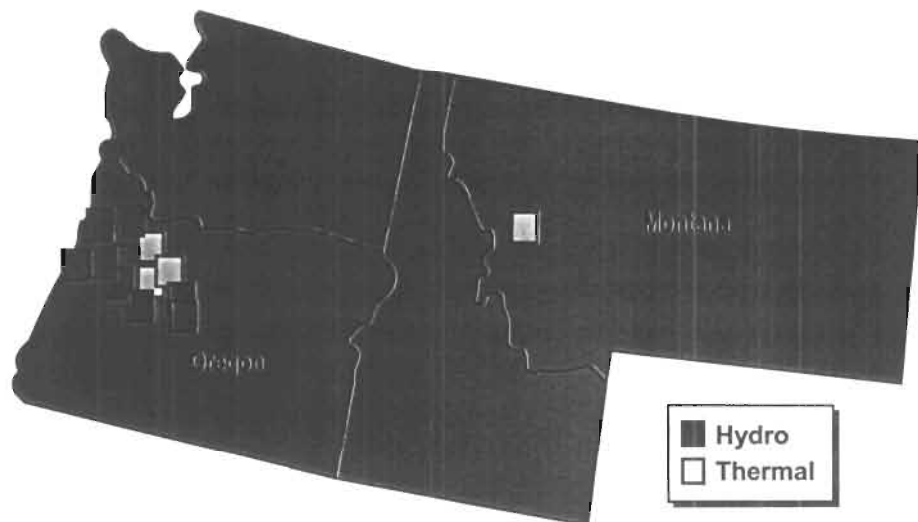
# Power Distribution Assets

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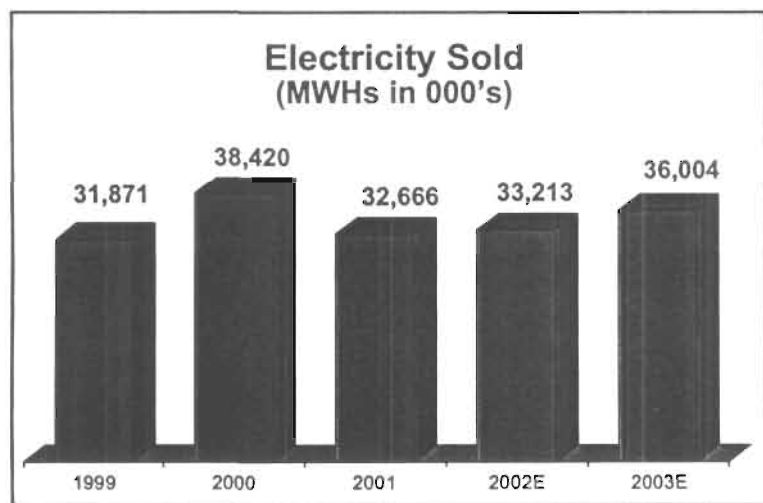




# Portland General Electric



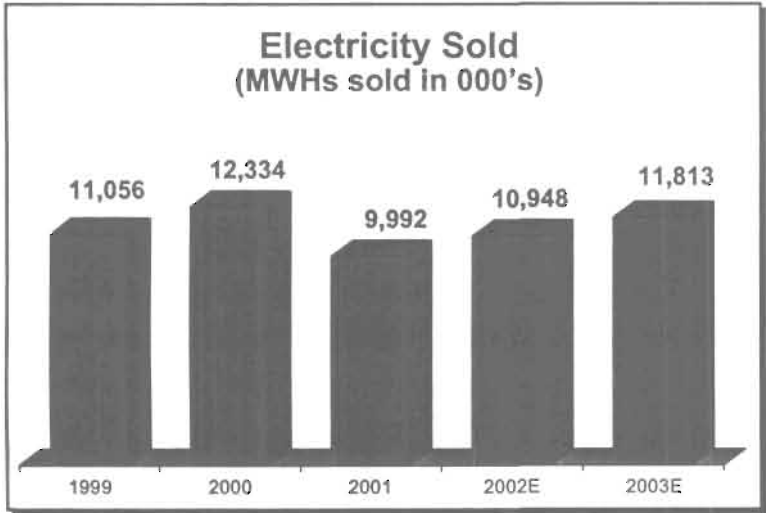
- Serves more than 736,000 customers in Oregon
- Portland General Electric owns and operates eight hydroelectric plants with net capacity of 482 MW and 4 thermal plants with net capacity of 1,427 MW
- Net buyer of supply for its captive load
- Customer satisfaction has been in top quartile
- Hydro and thermal plant availability in 90th percentile
- PGE General Rate Case (UE-115)
  - ROE - 10.5%
  - Rate Increase – 32% Residential, 39% Commercial, 51% Industrial
- 100% Owned by Enron
- Currently subject to Purchase and Sale Agreement with Northwest Natural



# ELEKTRO

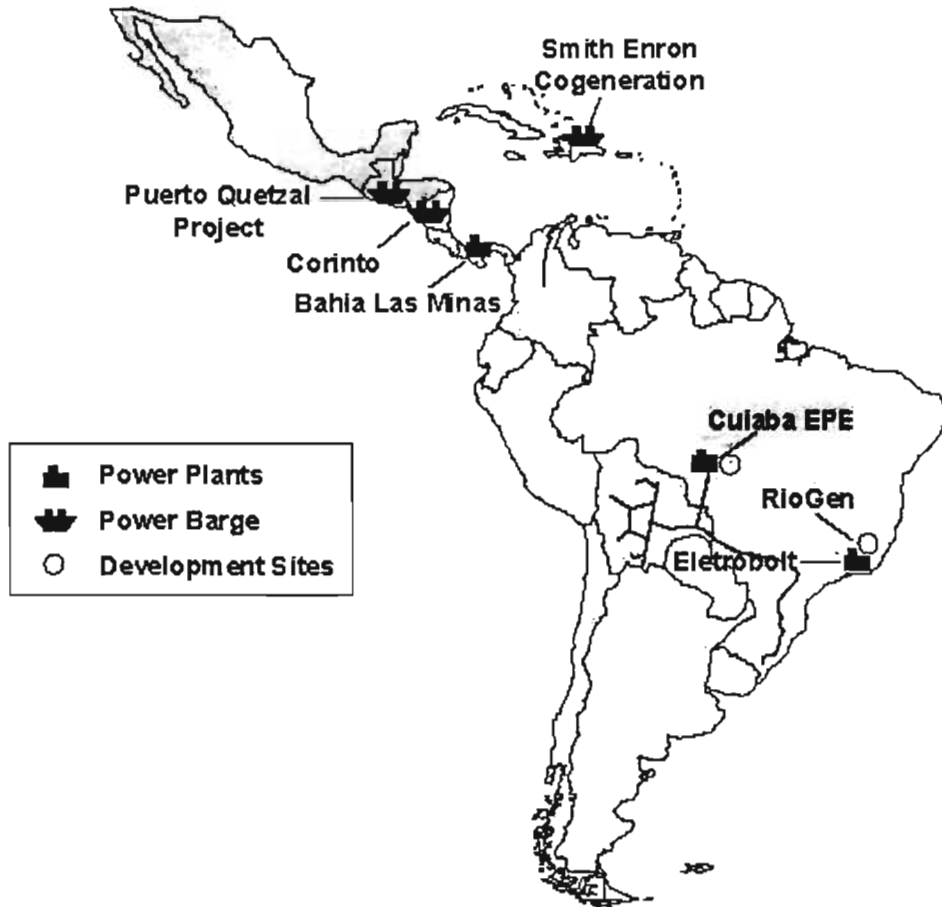


- Serves over 1.7 million customers
- 47,000 square mile concession in Sao Paulo; Brazil's most populous state
- 52,836 miles of transmission and distribution lines
- 30 year renewable exclusive concession expiring 2028
- Purchases 100% of its supply needs
- Rate case due in 2003
- Common equity 76% owned directly by Enron, 24% owned in finance vehicle



# **Generation and Production**

# Central and South America Generation and Production Assets



## Puerto Quetzal (PQP) (Guatemala)

- 2 Barge-mounted power facilities – 110 MW and 124 MW
- Supplies 14% of Guatemala's electrical energy

## Corinto (Nicaragua)

- 70.5-megawatt barge-mounted power plant
- Plant was built in the US and the mooring facility, pier and fuel storage were constructed in Nicaragua

## Bahia Las Minas (BLM) (Panama)

- 335-megawatt electric generation company
- Largest thermal power plant in Central America

## Smith Enron Cogeneration (Dominican Republic)

- 185 MW oil fired-barge mounted power facility in Dominican Republic
- Supplies 15% of country's power needs

## Cuiaba (Brazil)

- 480 MW combined cycle power plant
- 960 MW development site

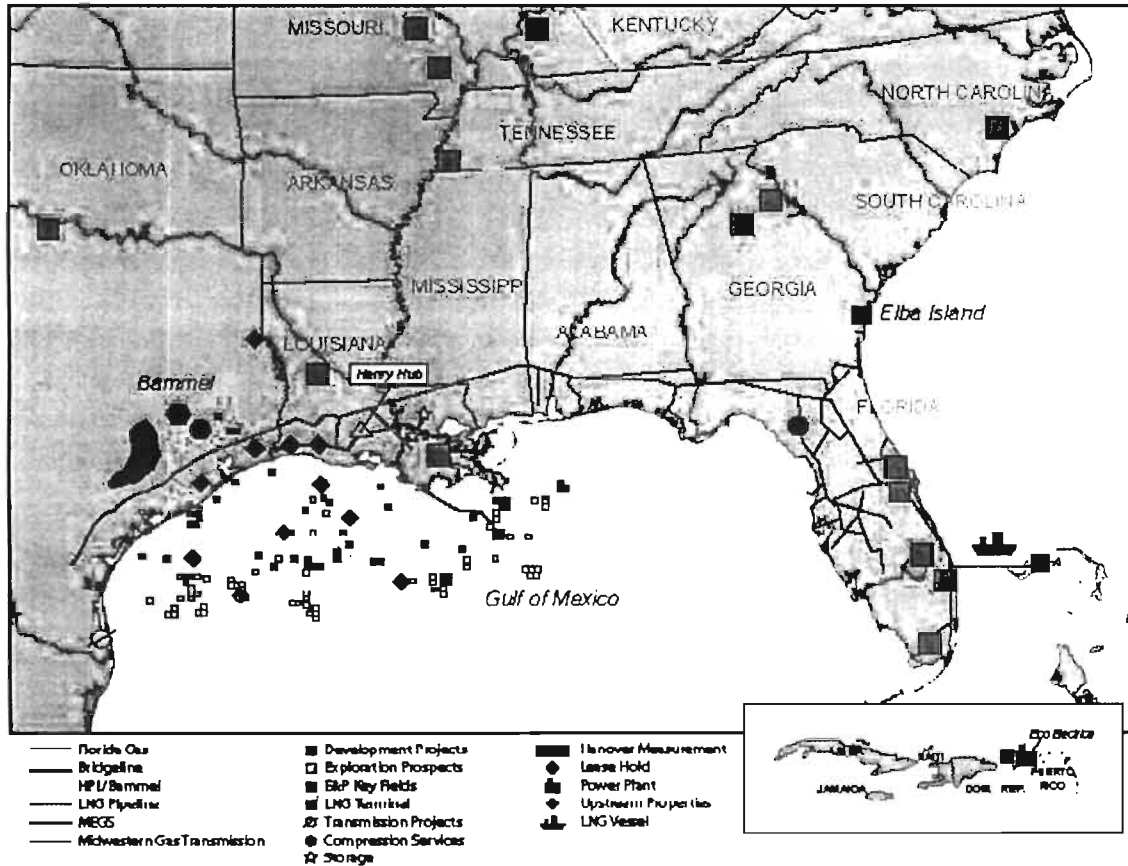
## Eletrobolt (Brazil)

- 379 MW Power Plant located in Rio de Janeiro includes operation and maintenance responsibilities
- Project sells capacity on the merchant market after expiration of 5 year Petrobras capacity guarantee

## Riogen (Brazil)

- Development site adjacent to Eletrobolt with 992 total MW potential capacity

# Gulf Coast/Southeast Generation and Production Assets



## Mariner Energy Inc.

- 100 MMcfe/d of production
- 360 Bcfe of proved and probable reserves
- 140,000 net undeveloped acres
- MEGS: Sub-Sea gathering pipeline

## Eco Electrica

- 542 MW power plant in Puerto Rico
- 1 million bbl LNG import, storage and regas facility
- Fully contracted facility supplying 20% of country's demand

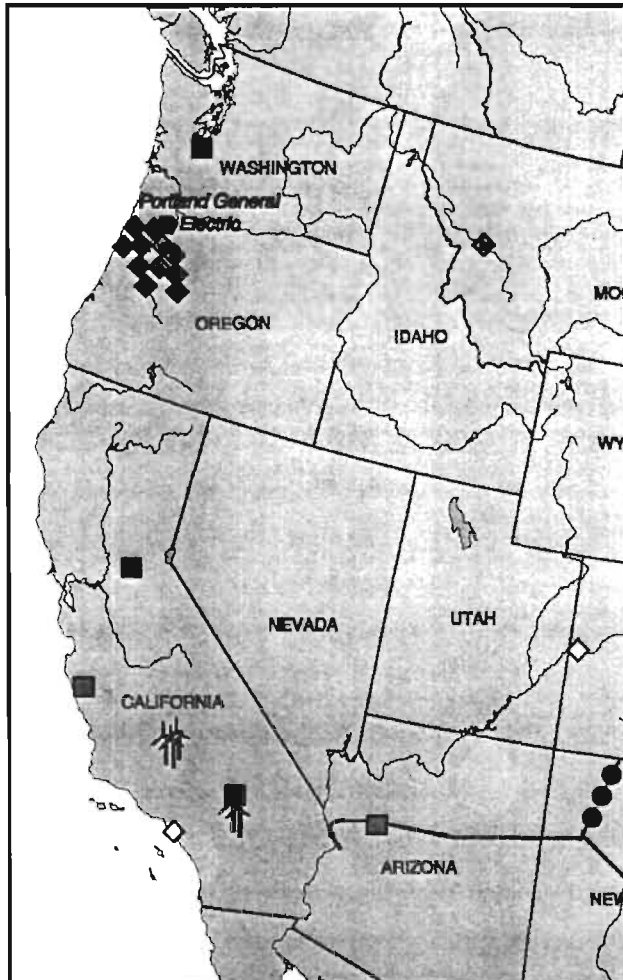
## Site Bank

- Over 17,000 MW of power development sites

## Bridgeline

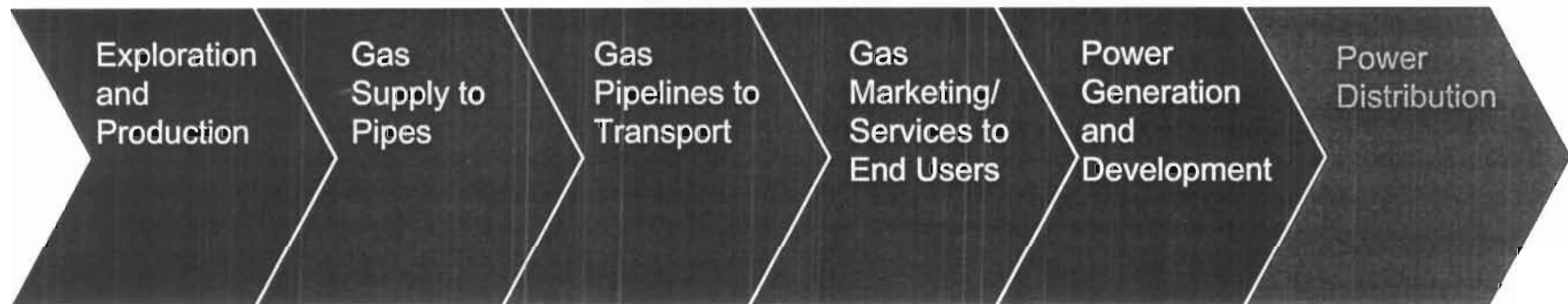
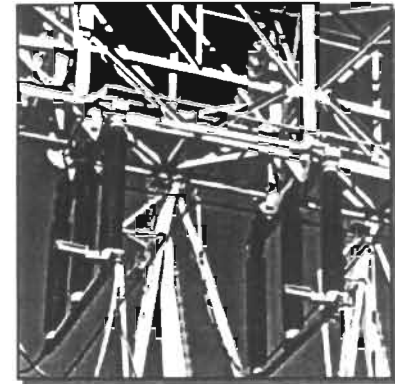
- 2 Bcf/d capacity of intrastate gathering and gas pipelines connected to Henry Hub
- 1,000 miles of pipeline connecting key supply areas to interstate pipelines, including FGT
- 13 Bcf storage

# West Coast Generation and Production Assets



- Over 1,400 MW of power sites under development
- Identified several other “Ready To Go” opportunities including Transmission, Generation, and Emission Reduction Credits (ERC)
- Various stages of permitting in very difficult permitting region
- Strategically positioned in California and Washington load centers
- One of the most successful development teams in the Western U.S.. Completed over 2,000 MW of projects (5) in CA, OR, CO, and NV.
- Potential synergies with PGE’s unregulated affiliate

# The Assets: Wellhead to Power Plug



- Mariner
- Enron Controlled Investments (10)

- Gas Marketing
- Imported LNG
- Citrus Supply Agreements

- Bridgeline
- MEGS
- LNG Ship
- Calypso
- HPL

- Citrus Sales
- Transportation & Services
- LNG Marketing
- Compression Services
- Hanover Measurement Services

- S. America Plants
- C. America Plants
- Eco Electrica
- N. America Development Sites
- Wind Farms
- QF Assets

- PGE
- ELEKTRO
- Power Grids



Enron North America Corp.

P.O. Box 1188

Houston, TX 77251-1188

VIA EMAIL AND OVERNIGHT MAIL

June 10, 2002

Mr. Al Linero  
New Source Review  
Division of Air Resource Management  
Florida Department of Environmental Protection  
2600 Blair Stone Road, MS 5500  
Tallahassee, FL 32399-2400

RECEIVED

JUN 11 2002

BUREAU OF AIR REGULATION

Re: Extension Request for The Midway Energy Center  
Permit Number PSD-FL-305  
Response to Request For Additional Information dated, 4/26/2002

Dear Mr. Linero:

On behalf of Midway Development Company, L.L.C. ("MDC"), please accept this letter as our response to your request for additional information dated April 26, 2002. Attached is a copy of your letter for reference. Below please find a summary of your questions in bold followed by our response:

**(Summarized from the text of the 4/26 letter) With additional natural gas capacity coming to Florida, why is there still a need for oil to be used as a backup fuel?**

The use of distillate as a back up fuel is necessary in order to ensure that the project remains economically viable. While there are several proposed projects that would increase the supply of natural gas into the Florida marketplace, it remains uncertain which of these projects will be completed and what impact they would ultimately have to the local region where this project is to be built. Additionally, because this facility will be operated primarily during times of peak demand, competition for natural gas supply will be strong and it is unfeasible to enter into contracts guaranteeing the delivery of firm natural gas supply.

**(Summarized from the text of the 4/26 letter) Information from other projects suggests that the use of oil firing in combustion turbines can be limited to NOx emission rates of 36 ppmvd @ 15% oxygen. Are NOx emissions limits of 42 ppm during oil fire, which is how this facility is permitted, still accurate? Additionally, since recent BACT determinations for other similar projects are restricted to no more than 500 hours of oil firing, does this project still require 1000 hours of oil back up fuel?**

This facility is proposing to utilize three General Electric ("GE"), model 7FA combustion turbines. The technical data that has been received from General Electric confirms that the lowest expected NOx emissions while firing distillate oil is 42 ppmvd @ 15% O2. Additionally, the increase of water injection rates beyond the manufacturer's guidelines in an attempt to achieve lower NOx emissions, will not only void the manufacturer's warranty, but



would result in significant combustion hardware failure. A copy of correspondence from General Electric that addresses this issue is attached to this letter.

MDC acknowledges that other BACT determinations have been made for recently permitted projects with regards to the amount of hours allowed during oil firing. Given the potential increase in the future natural gas supply in Florida, and in order to remain consistent with FDEP's other recent BACT determinations, MDC is willing to accept a permit condition limiting the oil fire capabilities of this facility to a maximum average of 500 hours per installed unit, per year.

**List the tasks to be performed to prepare the site, install the combustion turbines and related equipment and conduct compliance tests. Include the approximate dates for completing those tasks.**

Attached to this letter is a table outlining the requested information.

**Please provide information regarding the amount of water (at loads between 25 and 100 percent to be used to effect NOx emissions reduction to 42 ppmvd @15% O2. Provide any information regarding the maximum water injection rates possible for the units. These should be as maximum water injection rate in pounds per hour and in lb water per lb fuel at loads between 25 and 100 percent.**

Attached to this letter is a chart summarizing indicative water injection rates for the General Electric model 7FA gas turbine. These rates were developed from General Electric's Gas Turbine Performance Simulation software and are based on the combustion of distillate oil containing less than 150 ppm by weight FBN (fuel bound nitrogen). The y-axis of the table shows the water/fuel ratio as a percentage of the full load condition. It is only possible to assign a precise numerical value for the amount of water to be injected as a function of fuel rate for a specific operating condition. Because this number is affected by ambient temperature, humidity, compressor pressure ratio as well as other system variables, a family of curves is needed to reflect the multitude of possible operating conditions. Therefore, we have provided the water to fuel curve for the gas turbine corresponding to a design basis of 50°F and 95% RH. According to GE, the US Environmental Protection Agency ("USEPA") has reviewed and accepted GE Power Systems' ("GEPS") distillate water injection control methodology as an acceptable alternative test method to 40 CFR §60.335 for GE heavy duty diffusion combustors and has issued a letter on the subject to the USEPA regional offices. GEPS has agreed to provide this information to Enron, who will in turn provide it to the FDEP. In the letter, EPA acknowledges that GE's control algorithm compensates for variations in ambient parameters over the ambient conditions and load range to provide for safe, reliable operation of the gas turbine. In addition to continually controlling NOx emissions below the permitted value, an additional function of the algorithm is to avoid a condition of "overwatering" the combustion turbine. As previously stated, high water to fuel ratios will not be sanctioned by GE, whereas lower water to fuel ratios may not achieve the desired NOx level (in ppm) in the exhaust.

For the design conditions provided, 50 degrees Fahrenheit compressor inlet temperature with 95% relative humidity, the target water injection ratio would be nominally 1.3 pounds of water per pound of fuel at fully-fired, base load conditions. Additionally, since the facility

Mr. Al Linero  
June 10, 2002  
Page 3

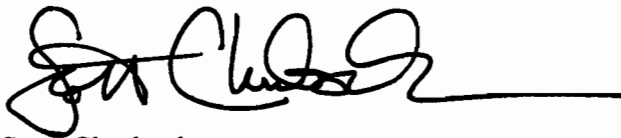
will not normally operate below 50% load condition, this evaluation was only performed for operation between 50 and 100 percent load.

**Provide a statement (and basis for believing) that the facility will comply with applicable regulations.**

As requested, attached to this letter is a statement of assurances.

We hope that this information satisfies your request. However, should you have any questions about this information or require additional clarification, please do not hesitate to contact me at 713/345-4623.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott Churbock", with a long horizontal line extending to the right.

Scott Churbock  
Environmental Manager

Attachments

cc: Greg Krause, Enron North America  
Ben Jacoby, Enron North America

*J. Alonzo*



Jeb Bush  
Governor

# Department of Environmental Protection

Twin Towers Office Building  
2600 Blair Stone Road  
Tallahassee, Florida 32399-2400

David B. Struhs  
Secretary

April 26, 2002

## CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Ben Jacoby, Director  
Midway Development Company, L.L.C.  
1400 Smith Street  
Houston, Texas 77002-7631

Re: DEP File No. 1110099-002-AC (PSD-FL-304)  
Midway Energy Center  
Three Simple Cycle Combustion Turbines

Dear Mr. Jacoby:

The Department received a request from Scott Churbock of Enron North America, to extend the referenced air construction permit from June 30, 2003 to February 14, 2006. The letter also includes a request to extend the commencement of construction date by 18 months until February 14, 2004. We consider the request incomplete and require some additional information as detailed below.

When the original project was approved, the natural gas capacity of the Florida Gas Transmission (FGT) network was approximately 1.4 billion cubic feet per day (bcfd). FGT is an affiliate of Enron. FGT Phase IV and Phase V expansions of the FGT will supply natural gas transportation service for approximately 0.66 bcf of natural gas to expanding markets in Florida. Phase IV is already in service. Phase V will be in service by the end of 2002.

FGT's Phase VI project is already under review by FERC and is expected to be operational by mid-2003. This project will further increase FGT capacity by 0.12 bcf, raising FGT's capacity to 2.2 bcf.

Gulfstream Natural Gas System, LLC commenced construction on a 1.13 bcf natural gas pipeline from supply areas in Mississippi and Alabama to new and existing markets in Florida. The Gulfstream project will cross the FGT system at several points and we understand will have interconnections with the FGT system near St. Lucie.

FERC is processing an application from Cypress Natural Gas to construct a new pipeline capable of delivering 0.31 bcf of natural gas from existing liquefied natural gas (LNG) processing facilities in Georgia to the FGT network in Florida.

The above projects will increase total gas delivery capacity to the state from approximately 1.4 bcf in 2000 to 3.6 bcf in 2004 (exclusive of any Bahamas LNG projects by AES, El Paso or Enron). The increase exceeds the requirements by additional permitted power plants (including Midway Development Company, L.L.C.).

*"More Protection, Less Process"*

*Printed on recycled paper.*

El Paso recently received permits at two sites (Belle Glade and Manatee) and a draft permit for a site in Broward County. These projects include simple cycle units fired exclusively on natural gas. Furthermore, Deerfield Beach Energy, L.L.C. (an Enron affiliate) proposed to the City in December of 2001 the use of gas only at a project identical to the Midway project.

With the Midway project so far behind schedule, we would like to know how the developments detailed above affect the need to use fuel oil for up to 1000 hours per year per unit. The reason is that during fuel oil combustion, emissions are presently permitted at 42 ppmvd @15% O<sub>2</sub> rather than 9 ppmvd. Final BACT determinations for similar projects (since issuance of the original Midway permit) have included fuel oil use restrictions of 0 to 500 hours per year. We have furthermore received information from recently constructed facilities that suggest that a NO<sub>x</sub> emission rate of 36 ppmvd @15% O<sub>2</sub> is achievable when firing fuel oil. These limitations have been proposed at several proposed projects in the state.

In addition to the questions above, please provide the following information:

1. List the tasks to be performed to prepare the site, install the combustion turbines and related equipment, and conduct compliance tests. Include the approximate dates for completing those tasks.
2. Please provide information regarding the amount of water (at loads between 25 and 100 percent) to be used to effect NO<sub>x</sub> emissions reduction to 42 ppmvd @15% O<sub>2</sub>. Provide any information regarding the maximum water injection rates possible for the units. These should be as maximum water injection rate in pounds per hour and in lb water per lb fuel at loads between 25 and 100 percent.
3. Provide a statement (and basis for believing) that the facility will comply with applicable regulations.

Please note that per Rule 62-4.055(1): *"The applicant shall have ninety days after the Department mails a timely request for additional information to submit that information to the Department..... Failure of an applicant to provide the timely requested information by the applicable date shall result in denial of the application."*

If you have any questions regarding this matter, please contact me at 850/921-9523 or at [alvaro.linero@dep.state.fl.us](mailto:alvaro.linero@dep.state.fl.us).

Sincerely,



A. A. Linero, P.E. Administrator  
New Source Review Section

AAL/aal

cc: Melissa Meeker, DEP SED  
Tom Tittle, DEP SED  
Gregg Worley, EPA  
John Bunyak, NPS  
Chair, St. Lucie County BCC  
Mayor, City of St. Lucie  
Scott Churbock, Enron North America  
Blair Burgess, P.E., ENSR



**David J. Balevic**  
Manager – Combustion Design Engineering

## **GE Power Generation**

Gas Turbine Operation  
General Electric Company  
PO Box 648  
300 Garlington Road, FD-4  
Greenville, SC 29602-0648

Phone: (864)254-3402 or 8\*288-3402  
Fax: (864)254-2380 or 8\*288-2380

May 21, 2002

Mr. Scott Churbock  
Environmental Manager  
Enron North America  
1400 Smith Street  
Houston, TX 77002

Subject: Water Injection for NO<sub>x</sub> Abatement

Dear Sir,

Industrial gas turbines must provide power generation to maintain reliable electric supply within the US and elsewhere. In addition to reliable operation, which provides grid stability, industrial gas turbine emissions need to be minimized to reduce the environmental impact of operation. GE, through its research and development efforts, has maintained a leadership position in industrial gas turbine emissions and operational reliability, maintainability, and availability. To reduce NO<sub>x</sub> in GE's Dry Low NO<sub>x</sub> combustion systems, water injection is used to suppress combustion system flame temperature while firing liquid fuel. The magnitude of flame temperature suppression is proportional to the rate of water injection and NO<sub>x</sub> reduction. Over suppression of the flame temperature by increasing the water injection rate has been demonstrated to produce the following consequences:

- Elevated combustion dynamics resulting in premature combustion hardware failure, collateral damage to the hot gas path section of the gas turbine, and forced outages measured in weeks.
- Reduced flame stability at extreme ambient conditions resulting in increased unit trips.
- Less reliable, available gas turbines resulting in lost customer revenue and increased maintenance costs.
- Reduced gas turbine efficiency at base load resulting in increased emissions on a lb/MW basis.
- Out of compliance CO and VOC at part load.

GE's water injection schedule used to achieve 42 ppm NO<sub>x</sub> for liquid fuel is the optimal water injection rate to maintain reliable equipment operation and minimum total plant emissions (NO<sub>x</sub>, CO, VOC).

For these reasons, GE's industrial gas turbine warranty will not cover damage to the gas turbine resulting from operation outside of GE's defined water injection schedule. State permits mandating that owners of GE gas turbines operate outside of GE's defined water injection schedule which achieves 42 ppm NO<sub>x</sub>, risk increased gas turbine forced outages that could reduce grid stability. GE cannot support operation of large industrial gas turbines outside the design and operating envelope due to the damages that have been demonstrated to result from such operation.

Sincerely,

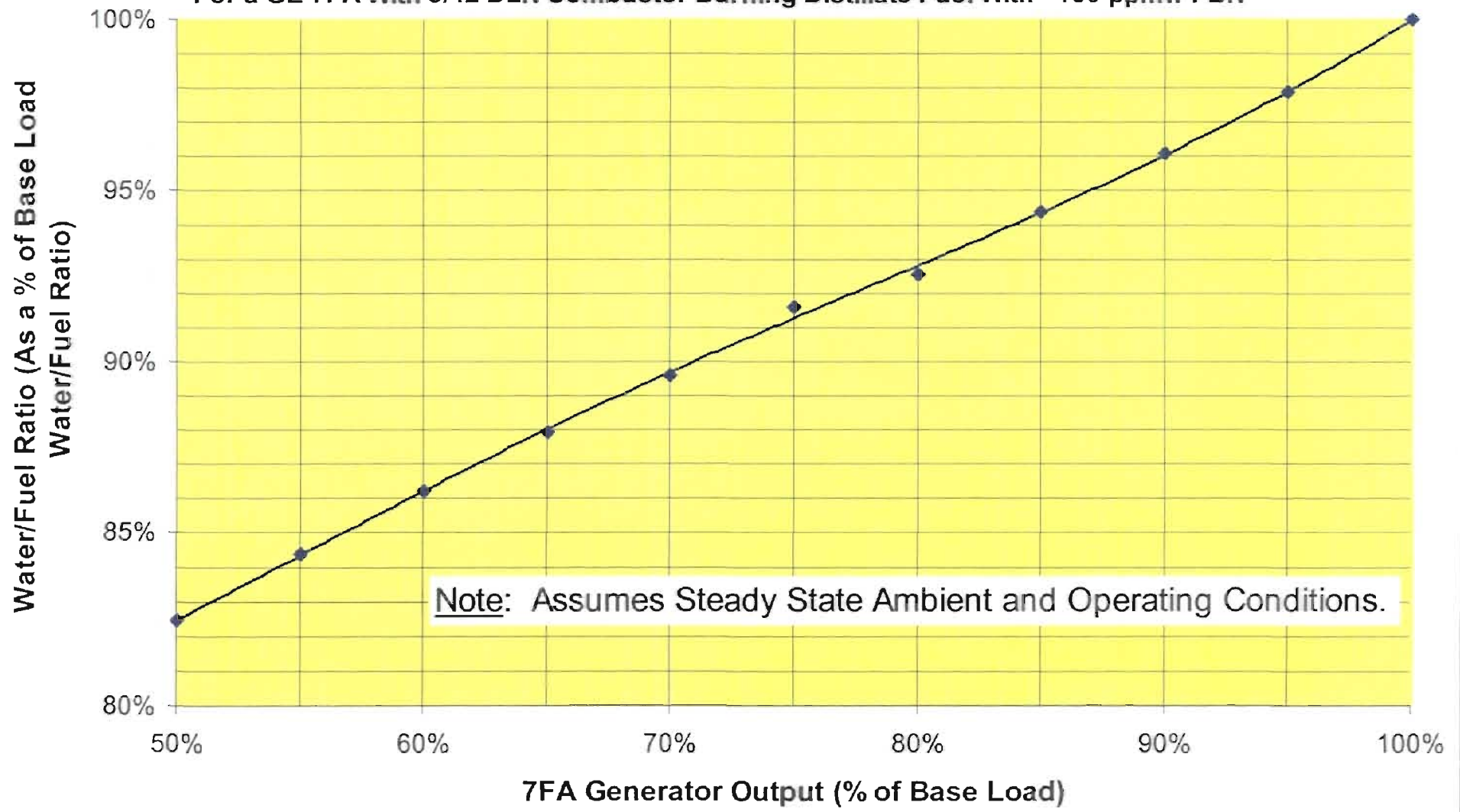
  
**David Balevic**  
Manager - Combustion Design Engineering

  
**Donald Hoffmann**  
Gas Turbine Product Line Leader

# Water/Fuel Ratio vs Load

## Assuming a NO<sub>x</sub> Target of 42ppmvd @ 15 vol.% O<sub>2</sub>

For a GE 7FA With 9/42 DLN Combustor Burning Distillate Fuel With <150 ppmw FBN



## Midway Energy Center List of Facility Completion Items and Estimated Construction Schedule

Project Task	Duration	Start	Stop	1	2	3	4	5	6	7	8	9	10	11	12
EPC selection	3	0	3	█	█	█									
Final engineering	3	2	5		█	█	█								
Equipment procurement and delivery	6	2	8		█	█	█	█	█	█					
Site clearing and preparation	1	2	3		█										
Site foundation work	3	3	6			█	█	█							
Fabrication/installation of tanks, water systems and support equipment	6	4	10				█	█	█	█	█	█			
CTG Installation	4	4	8					█	█	█	█				
Installation of piping and infrastructure systems	5	4	9						█	█	█	█	█		
Installation of duct work and stacks	5	5	10							█	█	█	█	█	
Transformer installation	2	8	10								█	█			
CEMs system installation	2	9	11										█	█	
Equipment commissioning, tuning and testing	2	10	12												█

Note: All time frames are in months and are from the start of construction.  
(start of construction is currently estimated to be between June, 2003 and January, 2004)

**Midway Energy Center  
Statement of Assurances**

Based upon the technical and regulatory information that has been previously submitted for the Midway Energy Center, upon its completion, the facility will comply with the air quality construction permit and applicable regulations. Furthermore, the issuance of the extension to the air quality construction permit will not adversely affect the prospective compliance status of this facility.

**Midway Development Company, L.L.C.**

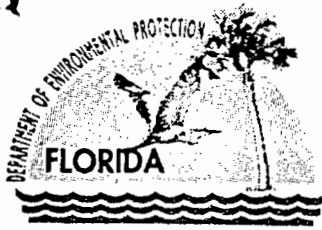
By:  HBC

Date: 6-5-02

Name: Ben Jacoby

Title : Vice President





Jeb Bush  
Governor

# Department of Environmental Protection

Twin Towers Office Building  
2600 Blair Stone Road  
Tallahassee, Florida 32399-2400

David B. Struhs  
Secretary

April 26, 2002

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Ben Jacoby, Director  
Midway Development Company, L.L.C.  
1400 Smith Street  
Houston, Texas 77002-7631

Re: DEP File No. 1110099-002-AC (PSD-FL-304)  
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*Printed on recycled paper.*

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Sincerely,



A. A. Linero, P.E. Administrator  
New Source Review Section

AAL/aal

cc: Melissa Meeker, DEP SED  
Tom Tittle, DEP SED  
Gregg Worley, EPA  
John Bunyak, NPS  
Chair, St. Lucie County BCC  
Mayor, City of St. Lucie  
Scott Churbock, Enron North America  
Blair Burgess, P.E., ENSR

BEST AVAILABLE COPY

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
*(Domestic Mail Only; No Insurance Coverage Provided)*

7001 0320 0000 1000 1000 3692 9007

Mr. Ben Jacoby

Postage \$	_____	
Certified Fee	_____	Postmark
Return Receipt Fee Encouragement Required	_____	Here
Restricted Delivery Fee Encouragement Required	_____	
Total Postage & Fees \$	_____	

Sent To  
Midway Development Co.  
1400 Smith Street  
Houston TX 77002-3621



Enron North America Corp.

P.O. Box 1188

Houston, TX 77251-1188

VIA OVERNIGHT MAIL

March 28, 2002

Mr. Al Linero  
New Source Review  
Division of Air Resource Management  
Florida Department of Environmental Protection  
2600 Blair Stone Road, MS 5500  
Tallahassee, FL 32399-2400

RECEIVED

MAR 29 2002

BUREAU OF AIR REGULATION

Re: Extension Request for The Midway Energy Center  
Permit Number PSD-FL-305

117 0099-003-AC

Dear Mr. Linero:

On behalf of the Midway Development Company, L.L.C. ("MDC"), Enron North America is submitting this letter as a formal request to extend the above referenced permit's construction commencement and completion dates, in accordance with permit conditions II.6, II.9. and Rule 62-4.080 F.A.C. This request is being made for additional time to allow for the procurement of equipment, completion of engineering activities, and construction of this facility. No request is being made for relief of any of the other existing permit conditions. Furthermore, MDC will complete the construction of this facility in full compliance with the permit conditions as well as all applicable federal, state and local rules and regulations. Based on our recent discussion, I understand that this request will be administered as an administrative modification. Therefore, enclosed is a fifty-dollar (\$50.00) check for the modification fee.

Specifically, MDC requests the following changes be made:

**Section II, Item 6**

Summary of change:

Extend the construction commencement date by an additional 18 months to February 14, 2004.

Revised Text:

PSD Approval to Construct Expiration: Approval to construct shall become invalid if construction is not commenced within ~~18~~ 36 months after receipt of such approval, or if construction is discontinued for a period of ~~18~~ 36 months or more, or if construction is

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not completed within a reasonable time. The Department may extend the 18-month period upon a satisfactory showing that an extension is justified.

**Section II, Item 8**

Summary of change:

Extend the construction completion dates by an additional 18 months from the date of the extension of the construction commencement requirement date (proposed Item 6).

Revised Text:

Completion of Construction: The permit expiration date is ~~June 30, 2003~~ **February 14, 2006**. Physical construction shall be complete by ~~December 3, 2002~~ **August 14, 2005**. The additional time provides for testing, submittal of results, and submittal of the Title V permit to the Department.

Should you have any questions or require any additional information regarding this request please contact me at 713/345-4623.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Scott Churbock". The signature is written in a cursive, flowing style.

Scott Churbock  
Environmental Manager

Enclosure