



**PG&E National
Energy Group™**

Cedar Bay
Generating Plant
Owner: Cedar Bay Generating Company, L.P.

RECEIVED

DEC 18 2002

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BUREAU OF AIR REGULATION

December 17, 2002

A. A. Linero, P.E.
Bureau of Air Regulation
Department of Environmental Protection
Twin Towers Office Building
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Re: DEP File No. PA 88-24; Modification of Permit No. PSD-FL-137
Cedar Bay Generating Plant / Duval County

Dear Mr. Linero:

On August 29, 2001, Cedar Bay Generating Company, L.P. (Cedar Bay), filed an application with the Department for a modification of the PSD permit (No. PSD-FL-137) for Cedar Bay's cogeneration facility (Facility) in Jacksonville, Florida. Specifically, Cedar Bay requested authorization to co-fire petroleum coke (pet coke) and coal in the Facility's three boilers. Cedar Bay's application included a description of a proposed truck unloading area that would be used for the delivery of petcoke. The new truck unloading area would supplement the Facility's existing rail unloading facility. Since the proposed truck unloading area would not be covered, unlike the existing rail unloading facility, the delivery of petcoke by truck could cause an increase in the fugitive emissions at the Facility. Accordingly, Cedar Bay's application included a calculation of the potential increase in fugitive emissions for PM and PM10, based on the assumption that petcoke would be delivered to the Facility by truck, rather than rail.

On July 31, 2002, the Department issued a Draft PSD Permit Modification concerning Cedar Bay's request. Thereafter, CSX Transportation (CSXT) filed a petition for a formal administrative hearing, challenging the Department's Draft PSD Permit Modification.

To resolve CSXT's objections, Cedar Bay has agreed that it will deliver petcoke to the Facility by rail. Accordingly, Cedar Bay hereby amends its application for a PSD permit modification by deleting all references in the application to the use of trucks or a truck unloading area for the delivery of petcoke. Cedar Bay is no longer seeking and no longer wishes to receive FDEP's approval for a truck unloading area or truck deliveries for petcoke. Further, Cedar Bay respectfully requests the Department to include the following sentence in its PSD Permit Modification, as a means of clarifying the basis for the Department's action in this case:

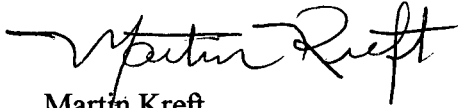
The applicant has represented to the Department that the petcoke is to be delivered to the Facility solely by rail.

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Cedar Bay greatly appreciates the Department's cooperation and assistance in resolving these matters. Please call Mr. Jeff Walker at (904) 751-4000 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Martin Kreft". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Martin Kreft
General Manager
Cedar Bay Generating Company, L.P.

CC: Michael P. Halpin
David S. Dee
Jeff Walker
Kathleen Stallings