



**PG&E National
Energy Group™**

Cedar Bay
Generating Plant

Owner: Cedar Bay Generating Company, L.P.

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RECEIVED

JUN 07 2001

Mr. Scott Sheplak, P.E.
Administrator, Title V Section BUREAU OF AIR REGULATION
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Re: Cedar Bay Acid Rain Applicability Status, Title V Permit No. 0310337-002-AV

Dear Mr. Sheplak:

We are in receipt of your May 7, 2001 letter requesting information concerning Cedar Bay's status as an Independent Power Production facility and validation of the facility's Acid Rain exemption.

The following is the listing of the requested information with responses:

1. Does CBGC continue to meet the 40 CFR 72.2 definition of an Independent Power Production facility?

Response: Cedar Bay continues to meet the above-mentioned statute as an Independent Power Production facility by meeting each of the following:

- Cedar Bay is nonrecourse project financed, as defined by the Secretary of Energy at 10 CFR Part 715. Cedar Bay's lenders have recourse only to the assets and cash flows associated with this project and not to the parent company that can provide equity or other assurances.
 - Cedar Bay sells 100% of electricity generated at wholesale to Florida Power and Light Company
 - Cedar Bay does not have any direct public ownership.
2. Is the original Power Purchase Agreement still in place?
 - Yes. Cedar Bay entered into a power sales agreement (PSA) with FPL on May 6, 1988. The Florida Public Service Commission approved the PSA pursuant to Order No. 21468 issued on June 28, 1989. Under the terms of the PSA, FPL purchases at least 15 percent of Cedar Bay's 250 MW net output.
 3. Since the original signing, has the Power Purchase Agreement ever been modified? If yes, what changes were made, and why?
 - The Power Purchase Agreement has not been modified.
 4. Since the original signing, has the Power Purchaser ever changed?
 - No. FPL has always been and remains the sole Power Purchaser.

June 6, 2001

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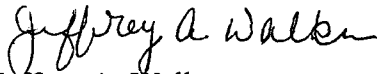
5. Does CBGC continue to meet the 40 CFR 72.6(b)(6) Affected Unit exemption?

- Yes. As an independent power production facility, Cedar Bay has, as of November 15, 1990, a power purchase agreement to sell at least 15 percent of total planned net output capacity. Also, Cedar Bay consists of three coal fired circulating fluidized bed boiler units with a total net installed capacity that does not exceed 130% percent of the total planned net output capacity.

Along with the submittal of this information, Cedar Bay requests a simultaneous processing of the Title V and construction permit applications in order to avoid the cost of a second Public Notice. Cedar Bay submitted a waiver of the construction permit application processing clock to the Department on May 10, 2001.

If there should be any questions, please do not hesitate to contact me at (904) 751-4000 extension 22.

Sincerely,



Jeffrey A. Walker

Environmental Manager, Cedar Bay

cc: Jonathan Holtom, P.E.

R. Cole, Cedar Bay

Al Slepian, Bethesda