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April 4, 2003

Mr. James C. Coffey, Section Chief
Solid Waste Section
Division of Waste Management
North Carolina Department of Environment
And Natural Resources
1646 Mail Service Center
Raleigh, North Carolina 27699-1646



Subject: NCDENR Letter to Mr. Edward James Taylor, Jr.
Dated March 25, 2003
TDF burning at Cogentrix Plants

Dear Mr. Coffey:

I wanted to take the time to inform you and your office on the plans and intentions of supplementing the burning of coal with TDF at the Rocky Mount and Southport Plants. Cogentrix takes its environment obligations very seriously and would not knowingly disregard any NCDENR regulation, let alone dispose of non-coal combustion by-products, as defined by NCDENR regulation, in an unapproved manner.

Both of these plants have air quality permits issued by NCDENR that allows the burning of TDF in addition to coal in an amount of up to 20 percent of the total heat input. The plants continually look for ways to improve efficiency and reduce costs within the bounds of the contracts and permits they operate under. It is this very method of operation that is precluding the burning of TDF at these plants. The cost of ash disposal is an important and inhibiting part of the decision to burn TDF.

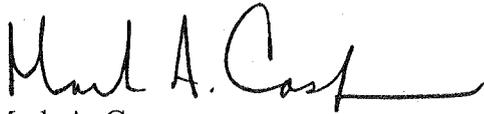
The Southport Plant is not burning TDF at this time. One hundred tons of TDF was burned in Unit 1 in February and 80 tons was burned in Unit 2 in March for testing purposes. All of the ash generated as the result of burning TDF and coal was disposed of by ReUse Technology, Inc. in the Sampson County Landfill at considerable cost. The contracts at Southport make it advantageous to burn TDF with ash disposal in approved landfills. Assuming a reliable source of TDF is found and ash disposal costs allow, Southport may or may not burn TDF in the future. Be assured that whatever the choice, the plant is well aware of the ash disposal restrictions imposed by NCDENR regulations.

The contracts Rocky Mount operates under allow for a different situation. The cost of landfilling ash from the burning of TDF and coal prohibits this scenario. As a result, the Rocky Mount Plant has not, nor has any plans to, burn TDF at this time.

Cogentrix will continue to operate these plants more efficiently within various operating parameters, including environmental law and regulation. Cogentrix may, at some date, make a push to have North Carolina's archaic and restrictive regulations regarding coal combustion by-products changed to be more in line with that allowed by USEPA and states surrounding North Carolina. In the meantime, be assured that Cogentrix will operate its plants and dispose of its ash as approved and permitted by NCDENR.

If you should have any questions or comments, please call me at 704/672-2805.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Casper". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark A. Casper
Vice President
Environment, Health & Safety

C: Sid Frymyer – Rocky Mount
Gary Willer – Southport
Bob Waldrop – ReUse Technology, Inc.