



CALPINE

250 PARKWAY DRIVE
SUITE 380
LINCOLNSHIRE, IL 60069
847.484.7700 (MAIN)
847.484.7799 (FAX)

March 3, 2004

Mr. Robert Schroeder, Chair
Minnesota Environmental Quality Board
658 Cedar Street, Room 300
St. Paul, MN 55155

**Re: Docket No. 04-76-PPS CALPINE
Site Permit Application - Alternative Review Process
Mankato Energy Center Combined Cycle Natural Gas Power Plant**

Dear Mr. Schroeder:

Mankato Energy Center, LLC (Mankato Energy), a wholly owned subsidiary of Calpine Corporation, hereby makes application to the Minnesota Environmental Quality Board (EQB) for a Site Permit pursuant to the Power Plant Siting Act, Minnesota Statutes 116C.51 to 116C.69 and Minnesota Rules 4400 for the proposed Mankato Energy Center to be located near Mankato, Minnesota.

The Mankato Energy Center will consist of two combined cycle combustion turbines equipped with supplemental duct firing, two heat recovery steam generators, and a single steam turbine generator (the Project). The maximum generating capacity of the Project will be 655 megawatts at summer ambient conditions. The primary fuel will be natural gas. Low sulfur distillate oil will be fired for up to 875 hours per year to ensure uninterrupted operation of the Project.

In accordance with Minnesota Rules 4400.2000, Subp. 2, Mankato Energy submitted written notification to the EQB on February 18, 2004 of its intent to process of the application under the alternative review procedures provided for in Minnesota Rules 4400.2000 to 4400.2950. As stated in the letter of intent, Mankato Energy will also be filing a separate application with the EQB at a later for a pipeline route permit for the associated natural gas pipeline under the alternative partial exemption process specified in Minnesota Rules 4415.0035.

Enclosed are three copies of the site permit application and a disk containing an electronic version of the document in PDF format for posting on the EQB's website (Minnesota Rules 4400.1025, Subp. 1 and 2). Also enclosed is a copy of the application that was submitted to the Minnesota Public Utilities Commission (MPUC) on March 2, 2004 for a Certificate of Need (CON) for that portion of the Project that is not already statutorily exempt from the CON process pursuant to Minn. Stat. §§ 216B.243; 216B.2422, subd. 5(c). Also enclosed, per the requirements of Minnesota Statutes Chapter 116C.69, Subd. 2, is a check in the amount of \$30,000.00 made payable to the Minnesota Environmental Quality Board, which represents the initial 25 percent portion of the Site Permit application processing fee for the Mankato Energy Center.



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Mr. Robert Schroeder, Chair
Minnesota Environmental Quality Board
March 3, 2004
Page 2

We understand that the EQB's new rules relating to environmental review at the CON stage, which require the EQB to prepare an environmental report, have been adopted. The new rules also provide for the consolidation of public hearings and environmental review for both the CON and the Site Permit. We believe this Project lends itself to that approach, and we request that the EQB pursue consolidation.

In order to meet our contractual obligations to provide electrical power to Xcel Energy by June 2006, we must start construction by this fall. We have had discussions with your staff about the feasibility of working through the permitting process in time to meet the construction schedule. We appreciate their willingness to work with us and to coordinate their efforts with the MPUC, the Minnesota Department of Commerce, and the Minnesota Pollution Control Agency to process our application as quickly and efficiently as possible.

We look forward to working with you and your staff in the coming months. Please contact Jason Goodwin by phone at 832.476.4463 or by email at jgoodwin@calpine.com if you have any questions or require additional information.

Sincerely,
MANKATO ENERGY CENTER, LLC


James J. Shield
Vice President, Business Development

Enclosures

cc: George Johnson, EQB