



DUKE ENERGY CORPORATION
Cliffside Steam Station
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Cliffside, NC 28024

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December 21, 2006

Dr. Don Van der Vaart, P.E.
Division of Air Quality
1641 Mail Service Center
Raleigh, North Carolina 27699-1641

Subject: Cliffside New Generation Project –
Mercury Emission Limits Under Federal NSPS and
North Carolina State-Only Mercury BACT Requirement

Dear Dr. Van der Vaart:

We are providing this update to the construction permit application for the proposed new generation sources at Cliffside Steam Station in response to the recently adopted NC Mercury Rule (15 NCAC 2D.2500). The NC Mercury Rule requires a state-only determination that any new coal-fired emissions source which begins construction after the effective date will include best available control technology for mercury, as determined by the Director of the Division of Air Quality on a case-by-case basis.

Duke Energy proposes to comply with this requirement by demonstrating compliance with the mercury emission standard for new units as defined in 40 CFR 60.45Da. The proposed control technologies as listed in our complete permit application include the use of Selective Catalytic Reduction (SCR), electrostatic precipitator (ESP), and Flue Gas Desulfurization (FGD). The EPA determined that combination of technologies represents the Best Demonstrated Technology for mercury control on units that burn predominately bituminous coal, and based on the demonstrated performance of those controls it established the fuel-specific emission standards as listed in 40 CFR 60.45Da. The EPA reaffirmed the CAMR and the NSPS emission limits on formal reconsideration as published in the Federal Register on June 9, 2006 (71 FR 33388).

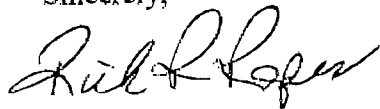
Because these NSPS emission limits were only recently adopted after thorough evaluation of demonstrated technology, we believe compliance with the NSPS represents best available control technology as defined within the NC Mercury Rule (“...the maximum degree of reduction of mercury from coal-fired electric steam generating units that is achievable for such units taking into account energy, environmental, and economic impacts and other costs.”). Each of those considerations was fully evaluated by the EPA in establishing the NSPS limit under CAMR.

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If you have any questions, please contact Kris Knudsen (980-373-3225).

I certify under penalty of law that, based on information and belief formed after reasonable inquiry, the statements and information contained or referenced in this letter are true, accurate, and complete.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick R. Roper". The signature is written in a cursive style with a large initial "R".

Rick R. Roper, Manager
Cliffside Steam Station

cc: Ed Martin, DAQ Permit Branch - 5 copies w/ Attachment