

*** * PCB 2006-095 * * * *

**BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS**

MARATHON ASHLAND PETROLEUM, LLC)
Low NOx Burners)
)
) PCB 06-
) (Tax Certification)
PROPERTY IDENTIFICATION NUMBER)
51-34-1-21 or portion thereof)

APPEARANCE

I hereby file my Appearance in this proceeding on behalf of the Illinois
Environmental Protection Agency.

Respectfully submitted by,

_____/s/_____
Robb H. Layman
Assistant Counsel

Date: December 13, 2005

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY
1021 North Grand Avenue East
P.O. Box 19276
Springfield, Illinois 62794-9276
Telephone: 217/524-9137

* * * * * PCB 2006-095 * * * * *

Low NOx Burners, is designed to reduce nitrogen oxide emissions on the two furnaces servicing the Ultraformer Unit.

4. Section 11-10 of the Property Tax Code, 35 ILCS 200/11-10 (2002), defines "pollution control facilities" as:

"any system, method, construction, device or appliance appurtenant thereto, or any portion of any building or equipment, that is designed, constructed, installed or operated for the primary purpose of: (a) eliminating, preventing, or reducing air or water pollution... or (b) treating, pretreating, modifying or disposing of any potential solid, liquid, gaseous pollutant which if released without treatment, pretreatment, modification or disposal might be harmful, detrimental or offensive to human, plant or animal life, or to property."

5. Pollution control facilities are entitled to preferential tax treatment, as provided by 35 ILCS 200/11-5 (2002).

6. Based on information in the application and the underlying purpose of the Low NOx Burners to prevent, eliminate or reduce air pollution, it is the Illinois EPA's engineering judgment that the described project and/or equipment may be considered as "pollution control facilities" in accordance with the statutory definition and consistent with the Board's regulations at 35 Ill. Adm. Code 125.200. **[Exhibit B]**.

7. The Illinois EPA notes that the applicant has not documented whether the cost estimate in its application is representative of the total costs for the furnaces or the incremental costs associated with the proposed low NOx burners when compared to conventional burners. Because a furnace requires a burner to operate and the furnace itself is not pollution control equipment, the environmental benefits of a low NOx burner would be incidental in relation to the overall purchase or replacement of a furnace. For purposes of this Tax Certification, preferential tax treatment should only be afforded to the incremental cost of the pollution control system, not the entire cost of the furnace.

* * * * **PCB 2006-095** * * * *

8. Because the Low NOx Burners satisfy the aforementioned criteria, the Illinois EPA recommends that the Board **grant** the applicant's requested tax certification.

Respectfully submitted by,

ILLINOIS ENVIRONMENTAL PROTECTION
AGENCY

_____/s/_____
Robb H. Layman
Assistant Counsel

DATED: December 13, 2004

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY
1021 North Grand Avenue East
P.O. Box 19276
Springfield, Illinois 62794-9276
Telephone: 217/524-9137

* * * * * **PCB 2006-095** * * * * *

CERTIFICATE OF SERVICE

I hereby certify that on the 13th day of December, 2005, I electronically filed the following instruments entitled **NOTICE, APPEARANCE** and **RECOMMENDATION** with:

Dorothy Gunn, Clerk
Illinois Pollution Control Board
100 West Randolph Street
Suite 11-500
Chicago, Illinois 60601

and, further, that I did send a true and correct copy of the same foregoing instruments, by First Class Mail with postage thereon fully paid and deposited into the possession of the United States Postal Service, to:

Steve Santarelli
Illinois Department of Revenue
101 West Jefferson
P.O. Box 19033
Springfield, Illinois 62794

John S. Swearingen
Marathon Ashland Petroleum
Refinery Office Building
Robinson, Illinois 62454

/s/

Robb H. Layman
Assistant Counsel

***** PCB 2006-095 *****

APPLICATION FOR CERTIFICATION (PROPERTY TAX TREATMENT)
 POLLUTION CONTROL FACILITY
 AIR WATER

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY
 P. O. Box 19276, Springfield, IL 62794-9276

This Agency is authorized to request this information under Illinois Revised Statutes, 1979, Chapter, 120, Section 502a-5. Disclosure of this information is voluntary. However, failure to comply could prevent your application from being processed or could result in denial of your application for certification.

FOR AGENCY USE				
File No.	Date Received	Certification No.	Date	
Sec. A APPLICANT	Company Name Marathon Ashland Petroleum LLC			
	Person Authorized to Receive Certification John Swearingen		Person to Contact for Additional Details Dennis Baker	
	Street Address Refinery Office Building		Street Address 539 South Main Street	
	Municipality, State & Zip Code Robinson, IL 62454		Municipality, State & Zip Code Findlay, OH 45840	
	Telephone Number 618-544-2121		Telephone Number 419-421-3759	
	Location of Facility Quarter Section Township Range		Municipality Township Robinson Robinson	
	Street Address Route 33		County Book Number Crawford	
	Property Identification Number		Parcel Number Part of 51-34-1-21	
	Sec. B MANUFACTURING OPERATIONS	Nature of Operations Conducted at the Above Location Petroleum Refining AFE 100		
		Low NOx Burners		
Water Pollution Control Construction Permit No.		Date Issued		
NPDES PERMIT No.		Date Issued	Expiration Date	
Air Pollution Control Construction Permit No. 99020080		Date Issued Re-issued December 29, 2003		
Air Pollution Control Operating Permit No. 96010007 Title V CAAPP Permit		Date Issued November 24, 2003		
Sec. C MANUFACTURING PROCESS	Describe Unit Process See Attached			
	Materials Used in Process See Attached			
Sec. D POLLUTION CONTROL FACILITY DESCRIPTION	Describe Pollution Abatement Control Facility See Attached			

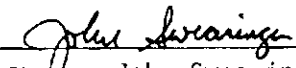
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IEPA - DAPC - SPFLD

— **Exhibit A** —

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POLLUTION CONTROL FACILITY - CONTAMINANTS	Sec. E	(1) Nature of Contaminants or Pollutants	Nitrogen Oxide		
	ACCOUNTING DATA		Material Retained, Captured or Recovered		
			Contaminant or Pollutant	DESCRIPTION	DISPOSAL OR USE
			Nitrogen Oxide	NOx	
		(2) Point(s) of Waste Water Discharge	N/A		
			Plans and Specifications Attached	Yes	No <input checked="" type="checkbox"/>
		(3) Are contaminants (or residues) collected by the control facility?	Yes <input checked="" type="checkbox"/>	No	
		(4) Date installation completed	Nov 2000	status of installation on date of application	100%
	(5) a. FAIR CASH VALUE IF CONSIDERED REAL PROPERTY:	\$	462,700		
	b. NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:	\$	6,941		
	c. PRODUCTIVE GROSS ANNUAL INCOME OF CONTROL FACILITY:	\$	2220		
	d. PRODUCTIVE NET ANNUAL INCOME OF CONTROL FACILITY:	\$	2220		
	e. PERCENTAGE CONTROL FACILITY BEARS TO WHOLE FACILITY VALUE:	%	.0499		
SIGNATURE	Sec. F	The following information is submitted in accordance with the Illinois Property Tax Code, as amended, and to the best of my knowledge, is true and correct. The facilities claimed herein are "pollution control facilities" as defined in Section 11-10 of the Illinois Property Tax Code.			
			12/29/04		
		Signature John Swearingen	Title Illinois Refining Division Manager		
INSTRUCTIONS	Sec. G	INSTRUCTIONS FOR COMPILING AND FILING APPLICATION			
		General: Separate applications must be completed for each control facility claimed. Do not mix types (water and air). Where both air and water operations are related, file two applications. If attachments are needed, record them consecutively on an index sheet.			
	Sec. A	Information refers to applicant as listed in the tax records and the person to be contacted for further details or for inspection of facilities. Define facility location by street address or legal description. A plat map location is required for facilities located outside of municipal boundaries. The property identification number is required.			
	Sec. B	Self-explanatory. Submit copies of all permits issued by local pollution control agencies. (e.g. MSD Construction Permit)			
	Sec. C	Refers to manufacturing processes or materials on which pollution control facility is used.			
	Sec. D	Narrative description of the pollution control facility, indicating that its primary purpose is to eliminate, prevent or reduce pollution. State the type of control facility. State permit number, date, and agency issuing permit. A narrative description and a process flow diagram describing the pollution control facility. Include a listing of each major piece of equipment included in the claimed fair cash value for real property. Include an average analysis of the influent and effluent of the control facility stating the collection efficiency.			
	Sec. E	List air contaminants, or water pollution substances released as effluents to the manufacturing processes. List also the final disposal of any contaminants removed from the manufacturing processes. Item (1) - Refers to pollutants and contaminants removed from the process by the pollution control facility. Item (2) - Refers to water pollution but can apply to water-carried wastes from air pollution control facilities. Submit drawings, which clearly show (a) Point(s) of discharge to receiving stream, and (b) Sewers and process piping to and from the control facility. Item (3) - If the collected contaminants are disposed of other than as wastes, state the disposition of the materials, and the value in dollars reclaimed by sale or reuse of the collected substances. State the cost of reclamation and related expense. Item (4) - State the date which the pollution control facility was first placed in service and operated. If not, explain. Item (5) - This information is essential to the certification and assessment actions. This accounting data must be completed to activate project review prior to certification by this Agency.			
	Sec. F	Self-explanatory. Signature must be a corporate authorized signature.			
	Submit to:	Attention:	Attention:		
	Illinois EPA P.O. Box 19276 Springfield, IL 62794-9276	Thomas McSwiggin Permit Section Division of Water Pollution Control	Donald E. Sutton Permit Section Division of Air Pollution Control		

* * * * PCB 2006-095 * * * *

Section C

Describe Unit Process:

Low "NOx" Nitrogen Oxide Burners were installed on two furnaces servicing the Ultraformer Unit. Furnaces 3F-1 and 3F-2 were retrofitted with these combustion controls to reduce nitrogen oxide emissions.

Section C

Materials used in process:

Low "NOx" Nitrogen Oxide Burners

Section D

Pollution Control Facility Description

Low "NOx" Nitrogen Oxide Burners were installed on two furnaces servicing the Ultraformer Unit. Furnaces 3F-1 and 3F-2 were retrofitted with these combustion controls to reduce nitrogen oxide emissions.

* * * * PCB 2006-095 * * * *

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY



1021 NORTH GRAND AVENUE EAST, P.O. BOX 19506, SPRINGFIELD, ILLINOIS 62794-9506 - (217) 782-2113

ROD R. BLAGOJEVICH, GOVERNOR

DOUGLAS P. SCOTT, DIRECTOR

Memorandum

Technical Recommendation for Tax Certification Partial

Date: September 20, 2005
To: Robb Layman
From: Don Sutton *DS*
Subject: Marathon Ashland Petroleum LLC TC-04-30-12M

This Agency received a request on December 30, 2004 from Marathon Ashland Petroleum LLC for an Illinois EPA recommendation regarding tax certification of air pollution control facilities pursuant to 35 Ill. Adm. Code 125.204. I offer the following recommendation.

The air pollution control facilities in this request include the following:

Low Nox burners whose primary purpose is to reduce Nox emissions on the two furnaces servicing the Ultraformer unit. Because furnaces need burners to operate and the furnaces themselves are not pollution control facilities only the incremental cost of low Nox burners above the cost of conventional burners is eligible for Tax Certification as a pollution control facility.

These facilities are further described in the enclosed applications and supporting documents.

This facility is located 100 Marathon Avenue, Robinson
The property identification number is Part of 51-34-1-21

Based on the information included in this submittal, and in submittals from the applicant on September 20, 2005, the Illinois EPA "Pollution Control Facilities" under 35 IAC 125.200(a), with the primary purpose of eliminating, preventing, or reducing air pollution, or as otherwise provided in this section. This determination is based on the following factors(s):

Only the incremental cost increase of low Nox burners above the cost of conventional burners should be considered for tax certification.

— *Exhibit B* —