

* * * * * PCB 2006-122 * * * * *

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS

| | | |
|---------------------------------------|---|---------------------|
| SOUTHERN ILLINOIS POWER COOPERATIVE |) | |
| Rothemuhle Electrostatic Precipitator |) | |
| |) | |
| |) | PCB 06- |
| |) | (Tax Certification) |
| PROPERTY IDENTIFICATION NUMBER |) | |
| 10-26-200-002 |) | |

NOTICE

TO: Dorothy Gunn, Clerk
Illinois Pollution Control Board
State of Illinois Center
100 W. Randolph Street, Suite 11-500
Chicago, Illinois 60601

Richard G. Myott
Southern Illinois Power Coop
11543 Lake of Egypt Road
Marion, Illinois 62959-8500

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

PLEASE TAKE NOTICE that I have today filed with the Office of the Pollution Control Board the APPEARANCE and RECOMMENDATION of the Illinois Environmental Protection Agency, a copy of which is herewith served upon the applicant and a representative of the Illinois Department of Revenue.

Respectfully submitted by,

_____/s/
Robb H. Layman
Assistant Counsel

Date: December 30, 2005

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

* * * * * PCB 2006-122 * * * * *

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS

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| Rothemuhle Electrostatic Precipitator |) | |
| |) | |
| |) | PCB 06- |
| |) | (Tax Certification) |
| PROPERTY IDENTIFICATION NUMBER |) | |
| 10-26-200-002 |) | |

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 30, 2005

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

* * * * * PCB 2006-122 * * * * *

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS

SOUTHERN ILLINOIS POWER COOPERATIVE)
Rothemuhle Electrostatic Precipitator)
)
) PCB 06-
) (Tax Certification)
PROPERTY IDENTIFICATION NUMBER)
10-26-200-002)

RECOMMENDATION

NOW COMES the ILLINOIS ENVIRONMENTAL PROTECTION AGENCY ("Illinois EPA"), through its attorneys, and pursuant to 35 Ill. Adm. Code 125.204 of the ILLINOIS POLLUTION CONTROL BOARD'S ("Board") procedural regulations, files the Illinois EPA's Recommendation in the above-referenced request for tax certification of pollution control facilities. In support thereof, the Illinois EPA states as follows:

1. On August 22, 2005, the Illinois EPA received a request and supporting information from SOUTHERN ILLINOIS POWER COOPERATIVE ("SIPC") concerning the proposed tax certification of certain air emission sources and/or equipment located at its power plant in Williamson County, Illinois. A copy of the relevant portions of the application is attached hereto. **[Exhibit A]**.

2. The applicant's address is as follows:

Southern Illinois Power Cooperative
11543 Lake of Egypt Road
Marion, Illinois 62959-8500

3. The subject matter of this request consists of the Rothemuhle Electrostatic Precipitator that produces an electric charge through which ash particles from the flue gas of the Unit No. 4 solid fuel coal-fired boiler are collected and removed. The system

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generally consists of a "gas distribution system, collecting and discharge systems, acoustic horn system, heating, purge air/sealing air system and ash handling system." The device is designed to collect and reduce dust and ash particles, thereby reducing contaminants emitted into the atmosphere.

4. Section 11-10 of the Property Tax Code, 35 ILCS 200/11-10 (2004), 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 (2004).

6. Based on information in the application and the underlying purpose of the Rothemuhle Electrostatic Precipitator 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. Because the Rothemuhle Electrostatic Precipitator satisfies the aforementioned criteria, the Illinois EPA recommends that the Board **grant** the applicant's requested tax certification.

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Respectfully submitted by,

ILLINOIS ENVIRONMENTAL PROTECTION
AGENCY

_____/s/_____
Robb H. Layman
Assistant Counsel

DATED: December 30, 2005

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

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CERTIFICATE OF SERVICE

I hereby certify that on the 30th 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

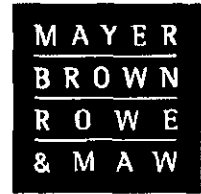
and, further, that I did send a true and correct copy of the same foregoing instruments, by First Class Mail with postage thereon fully paid and deposited into the possession of the United States Postal Service, to:

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

Richard G. Myott
Southern Illinois Power Coop
11543 Lake of Egypt Road
Marion, Illinois 62959-8500

_____/s/_____
Robb H. Layman
Assistant Counsel

* * * * * PCB 2006-122 * * * * *



August 19, 2005

Mayer, Brown, Rowe & Maw LLP
71 South Wacker Drive
Chicago, Illinois 60606-4637

VIA UPS

Main Tel (312) 782-0600
Main Fax (312) 701-7711
www.mayerbrownrowe.com

Mr. Donald E. Sutton
Manager, Permit Section, Bureau of Air
Illinois Environmental Protection Agency
1021 N. Grand Ave. East
Springfield, IL 62794-9276

Patrick J. McNerney
Direct Tel (312) 701-7609
Direct Fax (312) 706-8747
pmcnerney@mayerbrownrowe.com

Re: Southern Illinois Power Cooperative ("SIPC")
Application for Certification of Pollution Control Facility
Electrostatic Precipitator

Dear Mr. Sutton:

Enclosed please find an original Application for Certification of Pollution Control Facility of SIPC's existing Electrostatic Precipitator located at the Marion Power Generating Facility in Marion, Illinois. The B&W Rothemuhle Electrostatic Precipitator is a device that is designed and operated primarily to reduce and collect dust and ash particles from the flue gas of solid fuel coal-fired generating unit 4 located at the Facility and therefore qualifies as a pollution control device under Section 11-10 of the Property Tax Code (35 ILCS 200/11-10 West 2005).

On behalf of SIPC, we respectfully request that you cause your staff to review the enclosed Application and recommend certification of the Electrostatic Precipitator as a pollution control device to the Illinois Pollution Control Board.

Thank you for your attention to this matter. Please contact me if you need any additional information or documentation to support the enclosed Application.

Very truly yours,

Patrick J. McNerney

PJM:mg

Enclosure

cc: Ms. Stephanie L. Oxford

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AUG 22 2005

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Berlin Brussels Charlotte Chicago Cologne Frankfurt Houston London L
Independent Mexico City Correspondent: Jaur.

— Exhibit A —

* * * * * **PCB 2006-122** * * * * *

SOUTHERN ILLINOIS POWER COOPERATIVE

**Application for Certification (Property Tax Treatment)
Pollution Control Facility**

B&W Rothemuhle Electrostatic Precipitator

**Mayer, Brown, Rowe & Maw LLP
71 South Wacker Drive
Chicago, IL 60606**

* * * * * PCB 2006-122 * * * * *

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.

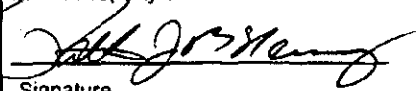
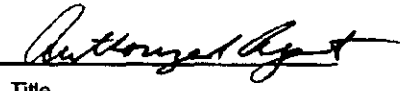
| FOR AGENCY USE | | | | | |
|--|---|--|---|-------------|------------------------|
| File No. | Date Received | Certification No. | Date | | |
| Sec. A APPLICANT | Company Name Southern Illinois Power Cooperative | | | | |
| | Person Authorized to Receive Certification Mr. Richard G. Myott | | Person to Contact for Additional Details Mr. Patrick J. McNerney | | |
| | Street Address 11543 Lake of Egypt Road | | Street Address 71 S. Wacker Drive | | |
| | Municipality, State & Zip Code Marion, IL 62959-8500 | | Municipality, State & Zip Code Chicago, IL 60606 | | |
| | Telephone Number (618) 964-1448 | | Telephone Number (312) 701-7609 | | |
| | Location of Facility Quarter Section 26 | | Township 105 | Range 2E | Municipality Marion |
| | Street Address 11543 Lake of Egypt Road | | County Williamson | Book Number | |
| | Property Identification Number 10-26-200-002 | | Parcel Number | | |
| | Sec. B MANUFACTURING OPERATIONS | Nature of Operations Conducted at the Above Location Southern Illinois Power Cooperative ("SIPC") generates electricity through the process of carbon combustion. | | | |
| Water Pollution Control Construction Permit No. | | Date Issued | | | |
| NPDES PERMIT No. | | Date Issued | Expiration Date | | |
| Air Pollution Control Construction Permit No. C 4 10 052 (See Exhibit A attached) | | Date Issued December 10, 1975 | | | |
| Air Pollution Control Operating Permit No. | | Date Issued | | | |
| Sec. C MANUFACTURING PROCESS | Describe Unit Process See narrative description of Unit Process attached as Exhibit B | | | | |
| | Materials Used in Process | | | | |
| Sec. D POLLUTION CONTROL FACILITY DESCRIPTION | Describe Pollution Abatement Control Facility See narrative description of Electrostatic Precipitator as Exhibit C | | | | |

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AUG 22 2005

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***** PCB 2006-122 *****

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| Sec. E POLLUTION CONTROL FACILITY - CONTAMINANTS ACCOUNTING DATA | (1) Nature of Contaminants or Pollutants | | |
| | | | Material Retained, Captured or Recovered |
| | Contaminant or Pollutant | DESCRIPTION | DISPOSAL OR USE |
| | Ash, dust | Ash, dust | Collected and deposited |
| | | particulate | into storage hoppers |
| | | matter | |
| | (2) Point(s) of Waste Water Discharge | | |
| | Plans and Specifications Attached | | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| | (3) | Are contaminants (or residues) collected by the control facility? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| | (4) | Date installation completed _____ status of installation on date of application _____ | |
| (5) | a. FAIR CASH VALUE IF CONSIDERED REAL PROPERTY: | \$ 5,000,000 ^A | |
| | b. NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY: | \$ 0 | |
| | c. PRODUCTIVE GROSS ANNUAL INCOME OF CONTROL FACILITY: | \$ 0 | |
| | d. PRODUCTIVE NET ANNUAL INCOME OF CONTROL FACILITY: | \$ 0 | |
| | e. PERCENTAGE CONTROL FACILITY BEARS TO WHOLE FACILITY VALUE: | % | |
| Sec. F SIGNATURE | 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. | | |
| |  | |  |
| | Signature | Title | |
| Sec. G INSTRUCTIONS | 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 <u>pollution control facility</u> . Include a listing of each major piece of equipment included in the claimed fair cash value for real property. Include an <u>average</u> 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 |

*Completion of this section is not an acknowledgment that the property constitutes real property for ad valorem property tax purposes.


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P. 02/03



Richard H. Briceand, Director



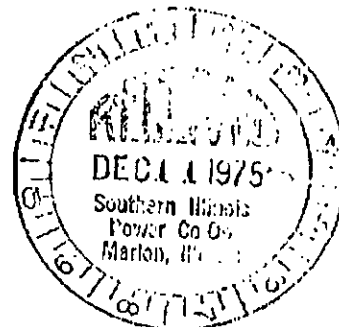

 2200 Churchill Road, Springfield, Illinois 62706 Agency

Telephone 217/782-2113

December 10, 1975

SOUTHERN ILLINOIS POWER COOPERATIVE, INC.
Route 4
Marion, Illinois 62959

Attention: Mr. Thomas Clevenger
General Manager



Reference

Application No. - C 4 10 052
I. D. No. - 199 856 AAC #4 STM GN
Received - November 7, 1975
Construction of - Steam-Electric Generating Unit #4
Location - Route 4
Marion, Illinois
County - Williamson

Gentlemen:

Permit is hereby granted to construct the above-referenced equipment. This permit is granted subject to the following conditions:

1. Standard conditions attached hereto and incorporated herein by reference.
2. The following special condition:
 - a. Within 30 days of commencement of operation, the particulate matter concentrations in the effluent stream shall be measured by an approved independent testing service. The measurements must be conducted using the procedures described in the "Stack Sampling Manual Methods and Procedures," as filed by the Agency, pursuant to the PCB Regs., Chapter 2, Part I, Rule 106(b), with the Secretary of State's Office on June 16, 1975 and as revised from time to time. The results of these tests, in triplicate, will be forwarded to the Agency immediately after the test results are compiled and finalized. The Agency may witness these tests. The Agency's regional office:

Environmental Protection Agency
Division of Air Pollution Control
2209 W. Main Street
Marion, Illinois 62959

is to be notified a minimum of thirty (30) days prior to the expected date of these tests and further notified a minimum

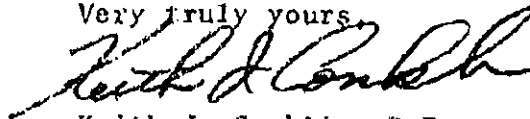
SOUTHERN ILLINOIS POWER COOPERATIVE, INC. -2-

December 10, 1975

of five (5) working days prior to the test of the exact date, time and place of these tests.

Within 30 days of commencement of operation, the sulfur dioxide concentrations in the effluent stream shall be measured, using the procedures described in the Rule 204(g)(1) of Chapter 2, Air Pollution Rules and Regulations of Illinois Pollution Control Board, by an approved independent testing service. The results of these tests, in triplicate, will be forwarded to the Agency immediately after the test results are compiled and finalized. The Agency may witness these tests. The Agency is to be notified a minimum of thirty (30) days prior to the expected date of these tests and further notified a minimum of five (5) working days prior to the test of the exact date, time and place of these tests.

Very truly yours,



Keith J. Conklin, P.E.
Manager, Permit Section
Division of Air Pollution Control

DRD:br

* * * * * PCB 2006-122 * * * * *

Exhibit B

Section C – Describe Unit Process

Southern Illinois Power Cooperative (“SIPC”) operates a B&W Rothemuhle Electrostatic Precipitator which produces an electric charge on ash particles to be collected from flue gas produced in the operation of SIPC’s Unit-4 solid fuel coal-fired boiler. The Electrostatic Precipitator consists of a gas distribution system, collecting and discharge systems, acoustic horn system, heating, purge air/sealing air system and ash handling system.

Section D – Describe Pollution Abatement Control Facility

Southern Illinois Power Cooperative (“SIPC”) formerly operated four solid fuel coal-fired generating units. SIPC replaced coal-fired units 1-3 with a new Circulating Fluidized Bed Boiler (“CFB”), which was certified as a low sulfur dioxide emission coal fueled device, as defined in Title 25, Subtitle A, Chapter 1, Section 125.200(b)(1) of the Illinois Administrative Code and in Section 11-40 of the Illinois Property Tax Code (35 ILCS 200/11-40 West 2005), on January 6, 2005. The remaining solid fuel coal-fired generating unit (“Unit 4”) includes three systems that are designed and utilized primarily to reduce or eliminate emissions of pollutants into the air: (1) a Selective Catalytic Reduction (“SCR”) system on existing Unit 4 to significantly reduce nitrogen oxide (NOx) emissions (associated with acid rain) from the existing steam boiler; (2) a scrubber designed to remove sulfur dioxide (SO₂) from the flue gas of Unit 4; and (3) a B&W Rothemuhle Electrostatic Precipitator (“Precipitator”) designed to reduce and collect dust and ash particles from the flue gas of Unit 4.

Electrostatic Precipitator Overview

The Precipitator services Unit 4 as a pollution control device by producing an electric charge on the particles (including ash) to be collected and propels them by electrostatic forces to the collecting plates. Precipitator operation involves four basic steps:

1. An intense, discharging field is maintained between the discharge electrode and the collecting plates.
2. The carrier gases are ionized by the intense, discharging field. These gas ions, in turn, charge the entrained particles.
3. The negatively charged particles, still in the presence of an electrostatic field, are attracted to the positively (grounded) charged collecting plates.
4. The collected dust is discharged into storage hoppers through use of acoustic horn.
5. Collected ash is removed from storage hoppers by a pneumatic conveying system and discharged into a large storage silo.

To establish the electrostatic field, voltages are stepped up to high average voltages in a transformer and then rectified to a negative unfiltered D.C. voltage. This negative power is connected to a series of high voltage electrodes which are electrically insulated from the grounded precipitator casing and collecting plates. The discharge electrodes are uniformly spaced halfway between the collecting plates thereby developing an electrostatic field perpendicular to gas flow.

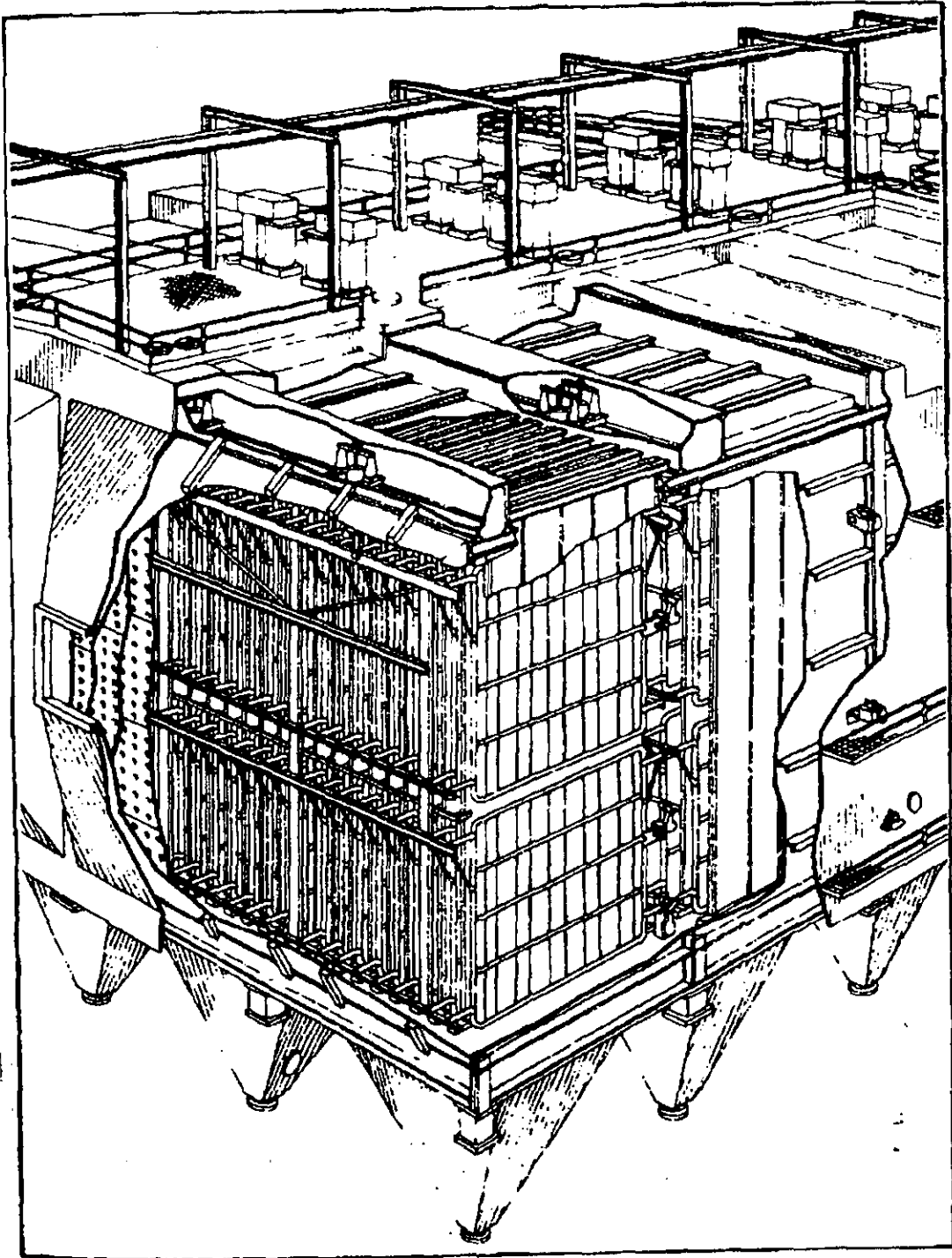
The Electrostatic Precipitation consists of a gas distribution system, collecting system, discharge system, acoustic horn system, heating system, purge air/sealing air system and ash handling system.

***** Operating Instruction *****

PCB 2008-122

for

B&W ROTHEMUHLE PRECIPITATOR



Babcock & Wilcox
Power Generation Group

* * * * * PCB 2006-122 * * * * *

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 Approval

Date: October 27, 2005
To: Robb Layman
From: Don Sutton
Subject: Southern Illinois Power Cooperative TC-05-08-22B

This Agency received a request on August 22, 2005 from Southern Illinois Power Cooperative for a Rothemuhle Electrostatic Precipitator pursuant to 35 Ill. Adm. Code 125.200(b)(1). I offer the following recommendation.

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

The Rothemuhle Electrostatic Precipitator is a device which reduces and collects dust and ash particles from the flue gas of solid fuel coal-fired generating unit 4. Because the primary purpose of this unit is to reduce or eliminate air pollution, it is certified as a pollution control facility.

This facility is located at 11543 Lake of Egypt Rd, Marion
The property identification number is 10-26-200-002

Based on the information included in this submittal, it is my engineering judgement that the proposed facility may be considered "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, and therefore eligible for tax certification from the Illinois Pollution Control Board. Therefore, it is my recommendation that the Board issue the requested tax Certification for this facility.

— Exhibit B —