

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

ILLINOIS POLLUTION CONTROL BOARD

August 23, 2006

IN THE MATTER OF:)
)
PROPOSED NEW 35 ILL. ADM.) R06-25
CODE 225 CONTROL OF EMISSIONS) (Rulemaking-Air)
FROM LARGE COMBUSTION SOURCES)
(MERCURY),)

TRANSCRIPT OF PROCEEDINGS held in the

above-entitled cause before Hearing Officer

Marie E. Tipsord, called by the Illinois Pollution

Control Board, pursuant to notice, taken before

Denise A. Andras, CSR, a notary public within and

for the County of Cook and State of Illinois, at

the James R. Thompson Center, 100 West Randolph,

Assembly Hall, Chicago, Illinois, on the 23rd day of

August, A.D., 2006, commencing at 9:00 a.m.

1 A P P E A R A N C E S:

2

ILLINOIS POLLUTION CONTROL BOARD:

3

Ms. Marie Tipsord, Hearing Officer
Ms. Andrea S. Moore, Board Member
Mr. G. Tanner Girard, Acting Chairman, IPCB
Mr. Anand Rao, Senior Environmental Scientist
Mr. Nicholas J. Melas, Board Member
Mr. Timothy J. Fox, Board Member
Mr. Thomas Johnson, Board Member

7

8 ILLINOIS ENVIRONMENTAL PROTECTION AGENCY:

9

Mr. John J. Kim
Mr. Charles E. Matoesian
Mr. Christopher Romaine

10

11

SCHIFF, HARDIN, LLP,
6600 Sears Tower
Chicago, Illinois 60606
(312) 258-5646
BY: MS. KATHLEEN C. BASSI

14

15

McGUIRE, WOODS,
77 West Wacker Drive
Suite 4100
Chicago, Illinois 60601-1815
(312) 849-8100
BY: MR. JEREMY R. HOJNICKI
MR. DAVID L. RIESER

16

17

18

19

CHICAGO LEGAL CLINIC
BY MR. KEITH I. HARLEY
205 West Monroe Street, 4th Floor
Chicago, Illinois 60606
(312) 726-2938

20

21

22

JENNER & BLOCK
Mr. Bill s. Forcade
One IBM Plaza
Chicago, Illinois 60611-7603
(312) 923-2964

23

24

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

ALSO PRESENT:

C.J. SALADINO, Dominion, Kincaid Generation, LLC
ANDY YAROS, Dominion, Kincaid Head of Operations
ROBERT ASPLUND, Dominion, Kincaid Environmental
Manager

1 HEARING OFFICER TIPSORD: Good
2 morning. My name is Marie Tipsord, and today we
3 have the testimony of Dominion/Kincaid, and we
4 have pre-file testimony from both C.J. Saladino
5 and Andy Yaros.

6 Mr. Forcade?

7 MR. FORCADE: Good morning, Madam
8 Officer and Members of the Board. We have as our
9 first witness C.J. Saladino. After our pre-file
10 testimony was submitted, there were a number of
11 developments in the case, including the Dynegy
12 joint statements in the CDA. We have a brief
13 statement. I have an exhibit we'll introduce to
14 that, and we'll proceed to the questions if that's
15 okay.

16 HEARING OFFICER TIPSORD: First let's
17 have him sworn in.

18 (WITNESS SWORN.)

19 HEARING OFFICER TIPSORD: And am I
20 saying that correctly, Saladino?

21 MR. SALADINO: Yes, absolutely
22 perfect.

23 HEARING OFFICER TIPSORD: Actually,
24 did you want to enter their pre-file testimony as

1 exhibits?

2 MR. FORCADE: No, this is a proposal
3 for the Board that we'll be introducing.

4 HEARING OFFICER TIPSORD: So you are
5 withdrawing their pre-file testimony?

6 MR. FORCADE: No, the pre-file
7 testimony can be entered as exhibits. I thought
8 you meant the supplemental.

9 HEARING OFFICER TIPSORD: Do you have
10 copies for me?

11 MR. FORCADE: I will later.

12 HEARING OFFICER TIPSORD: Then C.J.
13 Saladino's testimony will be marked as Exhibit 136
14 and Andy Yaros' will be marked as Exhibit 137 if
15 there's no objection. Seeing none, they are
16 entered. Off the record.

17 (Brief discussion off the record,
18 after which the following
19 proceedings were had:)

20 Go ahead, Mr. Saladino.

21 MR. SALADINO: Dominion supplements
22 its original testimony filed with the Board on
23 July 28 with the following: As we have indicated
24 in our original testimony, we at Dominion believe

1 that with regard to our Kincaid plant, the
2 Illinois mercury proposal provides none of the
3 so-called flexibility afforded every other
4 coal-fired utility plant in Illinois. As we have
5 explained, the proposed averaging demonstration
6 under section 225.232 of the Illinois proposed
7 rule limits its applicability to only those plants
8 under common control. And while the rule allows
9 the very limited number of single source owners in
10 the state to average, this option is not workable
11 for Kincaid since its ability to average is
12 limited to only two other much smaller generating
13 plants. Nor can Dominion seek the compliance
14 alternative presented by the TTBS because the
15 capacity of the Kincaid plant exceeds the limit on
16 the number of megawatts for which this option is
17 available. The unavailability of the only two
18 compliance alternatives to Kincaid is clearly
19 unfair.

20 We also have concerns that the
21 intended purpose of this rulemaking, to regulate
22 mercury emissions from coal-fired power plants has
23 morphed into a multi-pollutant regulatory
24 proceeding. MPS alternative developed by Ameren

1 and the IEPA has been designed only to accommodate
2 the exclusive needs of a single company and makes
3 no attempt at universal appeal or feasibility.
4 The MPS alternative agreement between Dynegy and
5 the IEPA appears at initial glance to likewise be
6 tailored to the needs of a specific company,
7 although we have not had the opportunity to
8 evaluate the details of that agreement. So
9 Kincaid finds itself again excluded from IEPA's
10 third attempt at IEPA regulatory flexibility. It
11 appears that the MPS is so clearly tailored to
12 align with Ameren's plans for compliance with the
13 CAIR 2015 NOx and SO2 emissions and reductions and
14 that company's goals to exempt the applicability
15 and potential compliance costs for several small
16 units that it is not useful to companies with
17 fewer, and in Dominion's case only one, generating
18 facility in the state.

19 In some respects this
20 multi-pollutant approach forces emissions
21 reductions at the Ameren plants that are already
22 well underway at other plants. For example, NOx
23 and SO2 emissions at Dominion's Kincaid plant have
24 been declining since Dominion purchased the plant

1 in 1998. Installation of SCRs and other NOx
2 controls have reduced Nox emissions by 54% since
3 1998 with a cumulative reduction of over 70,000
4 tons over that period. NOx emissions rates have
5 been cut by 67%. The ozone season NOx emissions
6 rate from Kincaid, by IEPA's calculation, is the
7 lowest coal-fired utility rate in Illinois. 50%
8 below that of the Ameren plants. When the SCRs
9 are operated on a year-round basis, beginning in
10 2009, we expect Kincaid's NOx emission rate to be
11 comparable to or lower than the NOx limit of the
12 Ameren MPS that would not be effective until 2012,
13 three years later. The SO2 at Kincaid is even
14 more impressive. As we have stated previously,
15 the Kincaid switch to subbituminous coal in 1999
16 drastically reduced emissions of SO2. Kincaid's
17 SO2 emissions in 2005 were 62% lower than 1998;
18 SO2 emissions rates have been cut by more than
19 73%. Over that eight-year period, Kincaid SO2
20 emissions have been reduced by more than 190,000
21 tons. By IEPA's calculation, the Kincaid SO2
22 emission rate for 2002-2004 is as low as any other
23 coal-fired utility in Illinois, and over 50% below
24 the rate of the Ameren plants.

1 As we have stated in our original
2 testimony, and verified by others in this
3 proceeding, we do not have confidence that at the
4 current state of technology, halogenated activated
5 carbon injection with bromine, iodine or chlorine
6 can achieve a sustained 90% mercury reduction at
7 Kincaid. We do not believe that this technology
8 has been fully demonstrated, and we do not believe
9 commercially offered, as some vendors say, is the
10 same as commercially available. We agree with the
11 conclusion of IEPA's consultant Dr. Staudt in his
12 March 2006 article in Environmental Science &
13 Technology, "A broad and aggressive RND program
14 now under way will yield more experience and
15 information in the next few years." Such
16 expectations do not provide guaranteed performance
17 from which compliance would be measured. Absent
18 performance guarantees, Dominion cannot accept the
19 risk of potential non-compliance.

20 Because the IEPA proposed mercury
21 rule provides no compliance flexibility for
22 Kincaid, and because we cannot tolerate the risk
23 of non-compliance and continue to fulfill our
24 operational commitments for the Kincaid generating

1 units, we are offering a mercury reduction
2 proposal that we feel, though are not certain, can
3 be achieved at Kincaid.

4 This proposal commits Kincaid to
5 the specific limitations to mercury and includes
6 no provisions for trading with other plants and
7 targets greater mercury reductions by the federal
8 CAMR several years before the federal deadlines.
9 Our proposal surrenders all of the compliance
10 flexibility provided under the CAMR rule and
11 commits Kincaid to a substantial capital outlay as
12 well as significant annual expenses, costs that
13 will have a profound impact on the economics and
14 profitability of the Kincaid plant.

15 Phase I, July 1, 2009, install ACI
16 on one unit at Kincaid at maximum sorbent
17 injection rate of 3 pounds per million ACFM or
18 achieve a plant-wide 40% mercury reduction from
19 inlet levels.

20 Phase II, July 1, 2013, install
21 ACI on both units at Kincaid at maximum sorbent
22 injection rate of 3 pounds per million at ACFM or
23 achieve a plant-wide 60% mercury reduction from
24 inlet levels.

1 Phase III, July 1, 2015, achieve a
2 plant-wide 74% mercury reduction from inlet
3 levels.

4 Combined with Kincaid's continuing
5 NOx and SO2 reduction program, that has already
6 resulted in hundreds of thousands of tons of
7 reductions, and that will continue to provide a
8 dramatic decline as the CAIR NOx and SO2
9 reductions become effective in 2009-2010, this
10 proposal offers a very substantial emissions
11 reduction, reductions that will be achieved at the
12 Kincaid plant, with no averaging and trading among
13 other plants and no deadline extensions designed
14 to accommodate small units for the purpose of
15 avoiding controls.

16 We have drafted the necessary
17 regulatory language that can be easily inserted
18 into the existing proposed rule should the Board
19 approve this alternative.

20 MR. FORCADE: At this time I have one
21 clean copy only of the pre-file testimony, and I'd
22 be happy to provide copies later on for both C.J.
23 Saladino and Andy Yaros. And then at this time I
24 would like to ask if you will mark for

1 identification the proposal of Dominion/Kincaid.

2 HEARING OFFICER TIPSORD: I have
3 before me a document entitled Dominion/Kincaid,
4 LLC. proposal. We'll mark this as Exhibit 138 if
5 there's no objection. Seeing none, it is Exhibit
6 138.

7 MR. KIM: Madam Hearing Officer, we
8 have no objection to the admission of the exhibit,
9 however, we would specifically reserve the right
10 to make comments to the exhibit during the written
11 comment phase of the proceedings, given the fact
12 that we have seen very -- we have seen this
13 language before, but just in a short time, and we
14 don't have a specific range of comments or
15 concerns that we have laid out to it.

16 HEARING OFFICER TIPSORD: I would
17 expect that everyone is going to be commenting on
18 all of the proposals that have been submitted
19 during the hearing.

20 MR. FORCADE: Was there an Exhibit
21 number for that?

22 HEARING OFFICER TIPSORD: Yes, it's
23 Exhibit No. 138.

24 MR. KIM: And I don't know what order

1 you want to take this. Since this was some
2 supplemental testimony that was provided by Mr.
3 Saladino, I just had one or two questions that I
4 was going to ask him, but I can wait until you
5 want to do that.

6 MR. FORCADE: We're ready.

7 HEARING OFFICER TIPSORD: You want to
8 do the supplemental, then we'll go to the
9 questions?

10 MR. FORCADE: Any order that the Board
11 would prefer.

12 MR. KIM: I am actually -- it's just a
13 couple questions.

14 Mr. Saladino, without getting into
15 the specifics of the substance of the
16 conversations, it is true, isn't it, that
17 Dominion/Kincaid and IEPA prior to the Chicago
18 hearing in this proceeding did discuss possible
19 means of flexibility that Dominion/Kincaid might
20 specifically be able to take advantage of; is that
21 right?

22 MR. SALADINO: Yes, we did have a
23 conversation.

24 MR. KIM: And it is also correct, is

1 it not, that unfortunately those conversations did
2 not result in a proposal or language that we were,
3 that the IEPA and Dominion/Kincaid were able to
4 present jointly to the Pollution Control Board; is
5 that correct?

6 MR. SALADINO: That's correct.

7 HEARING OFFICER TIPSORD: Mr. Harley?

8 MR. HARLEY: I'd like to ask some
9 questions about Exhibit 138, if I may, Madam
10 Hearing Officer.

11 For the record, my name is Keith
12 Harley. I'm an attorney for Environment Illinois
13 in these proceedings. Unlike the other additional
14 regulatory proposals that we have seen entered
15 before the Board, this one is not accompanied by a
16 joint statement. Can you explain why this
17 proposal is not accompanied by a joint statement
18 between Kincaid and the IEPA?

19 MR. SALADINO: We were unable to reach
20 an agreement with the IEPA.

21 MR. HARLEY: I'm sorry?

22 MR. SALADINO: We were unable to reach
23 a mutual agreement with the IEPA.

24 MR. HARLEY: Can you describe the

1 reasons why that agreement could not be reached?

2 MR. SALADINO: Well, we felt that some
3 of the issues that they raised were beyond the
4 financial costs that we could incur.

5 MR. HARLEY: Can you describe what
6 specific aspects of your proposal lead to IEPA
7 objections?

8 MR. SALADINO: No, I don't know why
9 they objected to it.

10 MR. HARLEY: I notice that in terms of
11 eligibility that one of the companies that would
12 be eligible to use this proposal is Springfield
13 City Water Light & Power; is that correct?

14 MR. SALADINO: I believe that's
15 correct, although my understanding is they reached
16 an agreement with the Sierra Club, so they would
17 have no reason to do anything with us.

18 MR. HARLEY: Following up on those
19 lines, are you familiar with the PSD permit that
20 was issued by the IEPA on August 10th to
21 Springfield City Water Light & Power?

22 MR. SALADINO: No, I'm not.

23 MR. HARLEY: Would it surprise you
24 that Springfield City Water Light & Power permit

1 includes the mercury limits from existing and new
2 units contained in the proposal now before the
3 Illinois Pollution Control Board?

4 MR. SALADINO: Did you say would it
5 surprise me?

6 MR. HARLEY: Yes.

7 MR. SALADINO: No, it wouldn't.

8 MR. HARLEY: Why wouldn't it surprise
9 you considering that Springfield City Water Light
10 & Power is in a similar situation as
11 Dominion/Kincaid at least in terms of the language
12 of your proposal?

13 MR. SALADINO: Because the setup for
14 the units and controlled technology they have are
15 different than what Kincaid has.

16 MR. HARLEY: Did you discuss with
17 Springfield City Water Light & Power its inclusion
18 in your proposal of Springfield City Water Light &
19 Power before including that facility in the
20 proposal?

21 MR. SALADINO: No, I didn't.

22 HEARING OFFICER TIPSORD: Could you
23 speak up Mr. Saladino.

24 MR. SALADINO: No.

1 MR. HARLEY: Your proposal includes a
2 limit on the amount of halogenated sorbent that
3 would need to be injected in your system; is that
4 correct?

5 MR. SALADINO: That's correct.

6 MR. HARLEY: You have limited that to
7 3 pounds of halogenated sorbent; is that correct?

8 MR. SALADINO: That's correct.

9 MR. HARLEY: Are you familiar with
10 testimony that has been entered in this proceeding
11 that greater amounts of sorbent injection can lead
12 to greater levels of mercury reductions?

13 MR. SALADINO: Yes, I have heard that
14 and heard that it's also a diminishing return.
15 You don't see as much the higher you go. You
16 don't get as much reduction.

17 MR. HARLEY: If it were possible to
18 achieve reductions more in line with the Illinois
19 EPA's existing regulatory proposal using 4 pounds
20 of halogenated sorbent, you would not be required
21 to do that under this proposal, would you?

22 MR. SALADINO: That's correct, I
23 believe.

24 MR. HARLEY: You also include Southern

1 Illinois Power Cooperative in this proposal; is
2 that correct?

3 MR. SALADINO: Yes.

4 MR. HARLEY: Southern Illinois Power
5 Cooperative is represented in these proceedings as
6 we've heard several times by the law firm of
7 Schiff Harden; is that correct?

8 MR. SALADINO: I don't know that.
9 I'll take your word for it.

10 MR. HARLEY: Is this proposal endorsed
11 by Southern Illinois Power Cooperative?

12 MR. SALADINO: No, it's not.

13 MR. HARLEY: I have no further
14 questions. Thank you.

15 HEARING OFFICER TIPSORD: With that
16 we'll start -- I'm sorry, Ms. Bassi?

17 MS. BASSI: I'm Kathleen Bassi, with
18 Schiff Harden. He just mentioned, Mr. Saladino,
19 does Dominion/Kincaid have any concerns with
20 sorbent injection rates with respect to its affect
21 or possible affect on PM opacity limits?

22 MR. SALADINO: Yes, we do.

23 MS. BASSI: And as Mr. Harley
24 mentioned that CWLP has reached an outside

1 agreement with the Sierra Club, and I believe --
2 well, it has reached an outside agreement with the
3 Sierra Club that is I assume reflected in the PSD
4 permit that was issued August 10th. With CWLP
5 effectively out of the mercury control pool that
6 was available to Dominion/Kincaid in the averaging
7 demonstrations that are a feature of the Agency
8 proposal and now under I guess whatever the MPS
9 provides, does that further limit
10 Dominion/Kincaid's flexibility in its attempts to
11 comply with this rule?

12 MR. SALADINO: Yes, it does.

13 MS. BASSI: Thank you.

14 HEARING OFFICER TIPSORD: Then I think
15 we're ready to go to pre-file questions. And do
16 you want to start with the Agency or Dynegy?

17 MR. SALADINO: The Agency, I think.

18 Question No. 1. What is the
19 description and responsibilities that fall under
20 the position of Station Director of the Kincaid
21 Generation LLC power plant?

22 I'm responsible for the overall
23 operations of the plant. It's my job to make sure
24 that the plant is run safely, meets all

1 environmental requirements and is run efficiently.

2 Question 2. How long have you
3 been the station director?

4 Since June 1, 2001.

5 Question 3. Have you been
6 employed outside of Kincaid after receiving your
7 degree?

8 No, I have not.

9 Question 4. Do you have any
10 formal training in economics?

11 No, although I have taken economic
12 classes in college and have been handling the
13 budgeting for the power plant for many years.

14 Question 5. What experience have
15 you had with mercury control technology?

16 I have no hands-on experience. I
17 have read some industry articles on it.

18 Question 6. What experience do
19 you have assessing the mercury control technology
20 economic market?

21 None.

22 Question 7. What experience do
23 you have with activated carbon injection?

24 Just what I have read and heard.

1 Question 8. What experience do
2 you have with testing mercury emissions?

3 Just what I have read and heard.

4 Question 9. Has there been any
5 testing performed at Kincaid to evaluate mercury
6 control at the facility?

7 Yes, there has.

8 (A) If yes, please describe the
9 testing performed.

10 A short test was performed in 2005
11 to measure the mercury at the stack.

12 (B) What were the results and
13 conclusions of any testing performed?

14 A 44% reduction, but the test was
15 so short that we couldn't base anything on the
16 results.

17 HEARING OFFICER TIPSORD: Excuse me,
18 Mr. Saladino, how long was the test?

19 MR. SALADINO: I believe it was
20 several tests over a four-day period of time.

21 HEARING OFFICER TIPSORD: Thank you.

22 MR. SALADINO:

23 (C) Based on any test results,
24 what is the current level of mercury control

1 occurring at Kincaid with the existing controls.

2 My answer is, I'm not sure. We
3 had the one short test, and I don't know what
4 would be occurring now.

5 (D) Based on any testing, what
6 additional level of mercury control would be
7 required by halogenated ACI in order to achieve
8 compliance with the proposed rule requirements of
9 either 90% reduction or 0.0080 pounds per gigawatt
10 hour?

11 There's not enough data available
12 to answer this question.

13 (E) Has the company assessed
14 whether this level, this additional level of
15 control is achievable using halogenated ACI?

16 No, we have not.

17 MR. KIM: I do have some
18 additional follow-up questions, if I may.

19 HEARING OFFICER TIPSORD: Okay, go
20 ahead, Mr. Kim.

21 MR. KIM: Mr. Saladino, at this time
22 have western subbituminous coals been successfully
23 treated with activated carbon injection?

24 MR. SALADINO: I believe based on some

1 of the testimony I heard.

2 MR. KIM: Have other coals, for
3 example high sulfur coals, which have more
4 difficulty and less efficiency with activated
5 carbon injection?

6 MR. SALADINO: Again, just based on
7 some of the things I've heard in the hearings,
8 that's my understanding.

9 MR. KIM: Do you believe then based
10 upon your understanding that there is a
11 competitive advantage for companies such as
12 Kincaid with PRB subbituminous coal or for those
13 companies that instead burn high sulfur coals?

14 MR. SALADINO: I don't know if I have
15 enough information to answer that question.

16 MR. KIM: On page five of your
17 testimony, you stated that Kincaid has been
18 effectively forced into a seller's market. Do you
19 recall that?

20 MR. SALADINO: Yes.

21 MR. KIM: Is it possible, given your
22 statement, that the use of PRB, subbituminous coal
23 will give Kincaid a competitive advantage over
24 other companies that can enter into an averaging

1 demonstration with Kincaid?

2 MR. SALADINO: I'm not sure --

3 MS. BASSI: Could he explain that
4 question, please.

5 MR. SALADINO: I'm not sure if I
6 follow you completely on that one.

7 MR. KIM: Well, let me try it a
8 different way. Is it possible that the use of PRB
9 subbituminous coal would allow Kincaid to make
10 reductions -- you know what, I'm just going to
11 pass on this particular line -- well let me
12 clarify.

13 The understanding that you just
14 testified to, you don't have any firsthand
15 knowledge of that, you are just simply stating
16 that your understanding is based upon testimony
17 you heard at the hearings?

18 MR. SALADINO: Correct.

19 MR. KIM: Have you, yourself, been
20 active in any activated carbonic injection
21 demonstrations, taken part in an activated carbon
22 study.

23 MR. SALADINO: No, I have not.

24 MR. KIM: Has your facility done the

1 same?

2 MR. SALADINO: No, we have not.

3 MR. KIM: Do you have any experience
4 or evidence that demonstrates the inability of
5 activated carbon injection to achieve the proposed
6 requirements that Kincaid would fall under the
7 Illinois proposed rule?

8 MR. SALADINO: Can we go over that one
9 more time?

10 MR. KIM: Well, it's sort of a
11 follow-up to your previous answer. If you've
12 stated that -- let's put it a different way.
13 Kincaid therefore has not engaged or commissioned
14 any studies concerning activated carbon injection
15 and projections as to reductions that you would
16 expect to see at your Kincaid facility; is that
17 correct?

18 MR. SALADINO: That's correct.

19 MR. FORCADE: If I could inject here,
20 we will be presenting Andy Yaros who will be
21 testifying to the technology based portion of the
22 questions. Not that we are cutting you off, but
23 there is another witness that is more oriented to
24 the technology portion.

1 MR. KIM: This may be a question for
2 him then, do you have any firsthand knowledge how
3 the 74% figure that was included in your
4 alternative language was arrived?

5 MR. SALADINO: No. I know it was
6 developed through Andy and his group.

7 MR. KIM: I'll ask him.

8 HEARING OFFICER TIPSORD: Excuse me,
9 Mr. Kim, while you are getting your thoughts. We
10 did have additional copies made of the language if
11 anyone didn't get a copy of the proposed language,
12 Exhibit 138. We have additional copies if they
13 are needed.

14 MR. KIM: Thank you. I'm trying to
15 separate the ones that maybe aren't going to be
16 helpful here.

17 Have you conducted or has
18 Kincaid's facility conducted any studies that
19 demonstrate mercury removal is dependent on ESP
20 size or any other plant specific factors?

21 MR. SALADINO: Kincaid hasn't done any
22 studies on that.

23 MR. KIM: When I say Kincaid, I
24 understand that Kincaid obviously is a subsidiary

1 or what have you of Dominion, and do you know --
2 when I ask these questions, is it possible that
3 Dominion may have information that is not within
4 the possession or maybe has not been made aware to
5 Kincaid that might otherwise be responsive to
6 these questions?

7 MR. SALADINO: Yes, that is possible.

8 MR. KIM: So your testimony and your
9 answers then are specifically geared towards the
10 body of knowledge that has been made available to
11 the Kincaid station; is that correct?

12 MR. SALADINO: Yes, that's correct.

13 MR. KIM: Did your testimony include
14 certain estimates concerning a Toxecon system?

15 MR. SALADINO: I don't believe it was
16 in my mind. I think that's Andy's.

17 MR. KIM: I'll save those then.

18 Going back again to your statement
19 that Kincaid is effectively forced into a seller's
20 market, I think you elaborated and you stated that
21 Kincaid would be forced to strike a deal with
22 companies that may otherwise have no incentive to
23 enter into an agreement to average emissions other
24 than to generate revenue. Do you recall that

1 statement?

2 MR. SALADINO: Yes.

3 MR. KIM: Is that related to the
4 inclusion of SIPCO and CWLP as was previously
5 referenced in your alternative language?

6 MR. SALADINO: I believe that's
7 correct, yes.

8 MR. KIM: Who was it that made the
9 decision to include those two utilities within the
10 alternative language?

11 MR. SALADINO: Well, I think there
12 was, if I remember correctly, there was only like
13 three other companies besides us, and one of them
14 is actually 80% owned by Ameren, so that just left
15 CWLP and Southern Illinois.

16 MR. KIM: So you simply were going
17 with those facilities that were not otherwise
18 covered by the agreement?

19 MR. SALADINO: Yes.

20 HEARING OFFICER TIPSORD: If I may,
21 Mr. Kim, we have characterized, starting with
22 Mr. Harley's question, the language as including
23 and I put that in quotes "these other" CWLP and
24 Southern Illinois Power Cooperative, but I note

1 that the actual language is actually just
2 defining, as I understand, Kincaid. The EDU is
3 part of only an existing single source with EDU
4 and that's the definition of Kincaid. Is that
5 correct?

6 MR. SALADINO: That's correct.

7 HEARING OFFICER TIPSORD: So the
8 language goes on and gives, for example, lists
9 these other facilities that would be within that
10 definition, but by definition of Dominion/Kincaid
11 they are included not necessarily because
12 Dominion/Kincaid planned to -- I don't know how to
13 put it -- but by merely, by defining
14 Dominion/Kincaid as Dominion/Kincaid has defined,
15 they are automatically included; is that correct?

16 MR. SALADINO: Yes.

17 MR. FORCADE: The modeling of the
18 units is the existing regulatory proposal which
19 had the single sources identified in one
20 provision, minus the Ameren unit, which is now
21 considered part of Ameren.

22 HEARING OFFICER TIPSORD: Excuse me.
23 Do you have a follow-up?

24 MR. RIESER: Yes, if I may. David

1 Rieser on behalf of Ameren, and I was just going
2 to ask just to clarify, these other companies that
3 are included in B2, are purely by example; is that
4 correct?

5 MR. SALADINO: I believe that's
6 correct.

7 MR. RIESER: And you have not had any
8 discussions with any of these individual
9 companies, either Springfield City Water Light &
10 Power, Electric Energy, Inc., or Southern Illinois
11 Power Cooperative Marion Generating station about
12 whether or not they even want to be included as
13 part of this proposal; is that correct?

14 MR. SALADINO: That's correct.

15 HEARING OFFICER TIPSORD: Mr. Kim?

16 MR. KIM: Going back to Exhibit 138,
17 which is the proposal, based upon the results of
18 2005 testing, is it probable or possible that
19 Kincaid would not have to install activated carbon
20 injection on either unit until 2012?

21 MR. SALADINO: That is correct,
22 possible.

23 MR. KIM: Was that conversation taken
24 into account when drafting this language?

1 MR. SALADINO: Some of that was and
2 just hoping that we learn more about how the units
3 can be operated.

4 MR. KIM: I don't think we have
5 anything else at this time.

6 HEARING OFFICER TIPSORD: I actually
7 have a question about the language. And I
8 apologize, I'm reading this as we go along. But
9 these are some of the same questions I asked of
10 Ameren when they were here and presented the joint
11 statement. Unfortunately, I still have not had a
12 chance to read Dynegy's and they got away without
13 me asking any questions. But you used in A1 a
14 date of operation on or before December 3, 2008.
15 I had asked previously of the Agency and Ameren
16 why they used, I believe it was a 2006 date if I
17 remember correctly.

18 MR. RIESER: 2006 was in the Ameren
19 proposal.

20 HEARING OFFICER TIPSORD: Why 2008?

21 MR. FORCADE: I believe that's the
22 language from the existing definition of when the
23 EDUs came in. Let me see if I can just find that.

24 MR. KIM: I believe Mr. Forcade is

1 correct.

2 MR. FORCADE: This was pulled directly
3 from the language of the existing Agency proposal.

4 HEARING OFFICER TIPSORD: And
5 different than the joint statements that we have
6 received, I'm not seeing any NOx or SO2 control?

7 MR. FORCADE: That's correct.

8 HEARING OFFICER TIPSORD: I just
9 wanted to be sure I wasn't overlooking it. That's
10 all I had.

11 Do you want to go on to Dynegy's
12 questions?

13 MR. ROMAINE: This is Chris Romaine
14 for the Agency. I think we will also have more
15 questions about this particular language as we go
16 through it. For example, I'm unclear what
17 emission limitation Dominion/Kincaid is proposing
18 to meet beginning July 1, 2015, and section C3 it
19 states, "Beginning July 1, 2015 Dominion should
20 achieve a minimum 74% plant wide reduction." But
21 in A1 the duration of this alternative standard is
22 limited to the period through June 30, 2015.
23 Could you explain that contradiction the relief
24 would extend to the first date?

1 MR. FORCADE: The end of 2015
2 exception would no longer be applicable. The
3 general rule would apply.

4 MR. ROMAINE: So the language in C3 is
5 not needed?

6 MR. FORCADE: Right.

7 MR. ROMAINE: Then the other question
8 I have is what is the minimum carbon injection
9 rate that might be required under this proposal if
10 carbon injection were required?

11 MR. SALADINO: Well, I guess the
12 minimum would be whatever it takes to meet what
13 we're saying we can do.

14 MR. ROMAINE: So the proposal does
15 include a minimum activated carbon injection rate?

16 MR. SALADINO: Correct. It says we
17 need to get to a 40% reduction, a 60% reduction.

18 MR. ROMAINE: Thank you.

19 MEMBER RAO: Just for clarification,
20 if you can meet the 40% or 60% reduction without
21 operating the ACI, does this language allow you to
22 do that?

23 MR. SALADINO: Yes, it does.

24 HEARING OFFICER TIPSORD: Then if

1 we're ready for Dynegey's questions.

2 MR. SALADINO: Question No. 1. Why
3 will annual operations of the SCRs result in such
4 an increase in the operational costs of that
5 equipment?

6 It's simply a matter of paying for
7 ammonia to inject 12 months per year versus 5
8 months per year. In addition, the quicker
9 depletion of the SCR catalyst will increase costs
10 significantly. The additional fan power for the
11 year-round SCR operation will impact the heat rate
12 for Kincaid.

13 Question 2. Would adoption of the
14 mercury rule as proposed inhibit any of Kincaid's
15 other environmental operations at the plant?

16 Absolutely. Installation of an
17 activated carbon injection system will certainly
18 have negative impacts on the ESPs and could cause
19 an increase in particulate emissions at the stack.

20 Question 3. How do you define
21 commercially available?

22 I would define it as a product
23 that's been fully tested and demonstrated over a
24 long term, as long a term as it will be used for

1 compliance purposes; for example, over several
2 years if it is used as a means for annual
3 compliance. I would also consider it commercially
4 available if it is offered with performance
5 guarantees from a large number of vendors, not
6 just one or two.

7 HEARING OFFICER TIPSORD: Mr. Harley?

8 MR. HARLEY: To clarify the definition
9 which you just described for "commercially
10 available," how long a period of time would an
11 activated carbon injection system need to be
12 tested in order to satisfy commercial availability
13 in your opinion?

14 MR. SALADINO: In my opinion, I think
15 at least a full year and maybe longer. You know
16 the outside, the environment changes things on how
17 precipitators work. So it needs to be run for a
18 period of time. Also you have to watch out if the
19 carbon injection starts building up somewhere over
20 time. In my experience crawling through a lot of
21 duct work and precipitators, there is a lot of
22 things that can happen over a period of time.

23 MR. HARLEY: Tested in what situation?

24 In the situation of your specific plant? Tested

1 at your specific facilities or tested at a
2 demonstration facility?

3 MR. SALADINO: You know, I think
4 there's going to be variations from facility to
5 facility, but somewhere with similar equipment if
6 it ran for over a year and they went in and didn't
7 see any problems and everything worked out like
8 you see it supposedly working over some of the
9 short-term tests, then in my mind that would be
10 acceptable.

11 MR. HARLEY: Are you familiar with the
12 compliance date in the rulemaking proposal now
13 before the Illinois Pollution Control Board?

14 MR. SALADINO: Of the July 1, 2009
15 date?

16 MR. HARLEY: Which is almost three
17 years from now.

18 MR. SALADINO: That's right.

19 HEARING OFFICER TIPSORD: Question No.
20 4.

21 MR. SALADINO: If EEI were considered
22 part of Ameren's Illinois fleet or system and City
23 Water Light & Power in Springfield was not
24 available for averaging because of its pending

1 deal with the Sierra Club, what impact would this
2 have on Kincaid's ability to effectively average
3 with other single-facility companies in order to
4 comply with Phase I of the Illinois mercury rule?

5 Since the EEI Joppa steam plant is 80%
6 owned by Ameren, we never considered that plant
7 available for averaging, and we raised that
8 problem in our comments on the proposed rule and
9 in our pre-filed testimony. So the effect is that
10 we cannot average with those two plants.

11 Who would be left for Kincaid to
12 average with?

13 The only plant still eligible for
14 the Average Demonstration would be the Southern
15 Illinois Power Cooperative plant in Marion,
16 Illinois. The two units at the Marion plant
17 comprise less than 300-megawatts, roughly half the
18 size of one Kincaid unit.

19 Then there is (a) and (b). Is such
20 and out-of-system averaging plan a viable
21 alternative for Kincaid? Why or why not?

22 Such an arrangement would put
23 Dominion at a severe negotiating disadvantage and
24 we have never seriously considered it. When

1 compared to the averaging opportunities of the
2 other big three Illinois utilities, the chances of
3 working out such a deal would be very small. And
4 since the Marion plant is the only potential
5 averaging partner and that plant is only about 273
6 megawatts, the amount of averaging relief would be
7 very small. If the Marion plant was able to run
8 with 100% removal, the Kincaid units would have to
9 run at 88% removal in order for all three plants
10 to average 90%. I don't believe that 100% removal
11 is realistic, therefore this alternative is
12 useless to us.

13 Question 5. Why would other
14 companies have no incentive to enter into an
15 Averaging Demonstration with Kincaid other than to
16 generate revenue?

17 There's only one other plant and
18 it's so small it wouldn't make sense for them to
19 try to over-comply just to help Kincaid.

20 No. 6. In your opinion, does the
21 TTBS truly offer flexibility?

22 No, it does not. The TTBS does
23 not offer much flexibility for several reasons.
24 First, the cap on the amount of megawatts in the

1 single-facility pool eligible for the TTBS is so
2 low that Kincaid is automatically excluded.
3 Second, the optimization provisions are overly
4 prescriptive and prohibitively costly. We
5 estimate the costs of ACI at 5 pounds per unit
6 would be approximately \$8.6 million dollars per
7 year. The net income after taxes at Kincaid over
8 the last six years has only averaged \$16.9 million
9 dollars. So this cost is over half of our annual
10 net income after taxes.

11 HEARING OFFICER TIPSORD: Excuse me.
12 Mr. Harley?

13 MR. HARLEY: You just testified that
14 you felt that the optimization requirements in the
15 TTBS were overly prescriptive; is that correct?

16 MR. SALADINO: That's correct.

17 MR. HARLEY: Is there anything in the
18 proposal that you brought before the Board today
19 that requires optimization of an activated carbon
20 injection system?

21 MR. SALADINO: No, it does not.

22 HEARING OFFICER TIPSORD: Question 7.

23 MR. SALADINO: Have you had the
24 opportunity to review the Multi-Pollutant Strategy

1 proposed by Ameren on July 28th?

2 MR. SALADINO: Yes.

3 If so, in your opinion does the
4 MPS offer Kincaid opportunities for flexibility?

5 The MPS is so clearly designed to
6 accommodate one company's plans for compliance
7 with the 2015 CAIR, that it offers Kincaid no
8 opportunity for compliance flexibility. Kincaid's
9 NOx emissions are already the lowest in the state
10 during the ozone season and will continue to be
11 among the very lowest in year-round emissions in
12 2009 when the first phase of the CAIR rule
13 commences. IEPA calculations show that SO2
14 emissions from Kincaid are already the lowest from
15 among coal-fire plants in Illinois. Kincaid has
16 spent many millions to reduce SO2 in the past
17 eight years. The Ameren reduction plan is late to
18 the game. The plan also allows several plants to
19 get off with no mercury reductions until 2015.

20 Kincaid does agree with the
21 general premises that ACI need not achieve 90%
22 reduction and not all EGUs need to be installed.

23 HEARING OFFICER TIPSORD: I also need
24 to note for the record I have continued to refer

1 to the questions as coming from Dynegy. I would
2 note that Schiff Harden has withdrawn as their
3 counsel of record in this, and so my apologies.
4 It is actually questions from Midwest Generation
5 that we had for Mr. Saladino, and we have some
6 more for Mr. Yaros. And in the record where I
7 have continued to refer to Dynegy, it is in fact
8 Midwest Generation, and I understand
9 Dynegy/Midwest Generation has entered their joint
10 statement just to clear the record up a little
11 bit.

12 Do we have anything if else for
13 Mr. Saladino? Thank you Mr. Saladino. Then I
14 think we're ready for Mr. Yaros.

15 HEARING OFFICER TIPSORD: You know
16 what, Mr. Saladino, why don't you stay up just in
17 case there are some follow-ups that you both might
18 be able to answer better together.

19 HEARING OFFICER TIPSORD: Ms. Bassi
20 had taken back Exhibit 128 to make additional
21 copies for participants, and she's handing that
22 back and she now has copies, color copies.

23 Mr. Yaros, whenever you are ready.

24 MR. FORCADE: We have no supplemental

1 statement. We are prepared to proceed with
2 questions.

3 MR. KIM: Before we do that though,
4 there was just one or two questions that Mr.
5 Saladino thought that Mr. Yaros might be better
6 situated to answer concerning the proposal, and I
7 guess the only one that I can now recall was the
8 40% and 60% plantwide reductions that are proposed
9 to be implemented by July 1, 2009, and July 1,
10 2013 respectively. Can you explain how those
11 figures were arrived at?

12 MR. YAROS: My understanding is that
13 40% was close to what we had seen in a test. 60%
14 I'm not sure how that specific number was arrived
15 at.

16 MR. KIM: When you say a test, what
17 test are you referring to?

18 MR. YAROS: Just the four-day test
19 that we did at Kincaid last year to measure
20 mercury removal.

21 MR. KIM: That's all I have on the
22 language.

23 HEARING OFFICER TIPSORD: Go ahead
24 with the pre-file questions.

1 MR. YAROS: These are the IEPA
2 questions.

3 No. 1. Has your company made an
4 assessment of what level of mercury control the
5 control configuration at Kincaid achieves?

6 We performed a limited stack test
7 in 2005 with the SCR in service for NOx control.

8 (B) If yes, what were the results
9 of this assessment?

10 An apparent 44% capture rate was
11 measured at the stack. The tests that were
12 conducted were not in compliance with the approved
13 USEPA Appendix K-Part 75 method though. Only two
14 traps per train were used instead of three and the
15 sample flow rate did not follow the stack flow
16 rate.

17 HEARING OFFICER TIPSORD: Mr. Yaros,
18 could you slow down a little bit.

19 MR. YAROS: (C) Who conducted this
20 assessment and what measures did they utilize to
21 reach their conclusions?

22 EPRI solutions and Dominion
23 personnel conducted the assessment by performing
24 the modified QuickSEM method. This method does

1 not conform to the USEPA approved Appendix K-Part
2 75 procedure.

3 (D) Has the company assessed
4 whether there are mercury control optimization
5 techniques for the existing controls at Kincaid
6 that could help improve mercury control? Please
7 refer to Section 8 of the Agency's Technical
8 Support Document for the proposed mercury rule for
9 potential optimization techniques.

10 No mercury control optimization
11 techniques have been tested at Kincaid.
12 Increasing LOI was not considered to be a viable
13 option due to the adverse impact on the operation
14 of the SCR. As described in Section 8.6.2,
15 halogenated sorbent injection tests are being
16 submitted for budget approval in 2007.

17 No. 2. Has your company evaluated
18 whether compliance could be achieved at Kincaid by
19 utilizing either the 90% reduction option or the
20 0.00080 pound per gigawatt hour option in
21 accordance with the proposed mercury rule?

22 No in-depth evaluation has been
23 conducted on whether Kincaid can achieve the 90%
24 reduction or the 0.00080 per pound gigawatt per

1 hour rate on a dependable basis. We are aware
2 that tests are ongoing with Activated Carbon and
3 Halogenated Activated Carbon injection systems at
4 other plants nationwide, and we have monitored and
5 evaluated the results of these studies in terms of
6 relevance to Kincaid. Due to the fact that
7 Kincaid burns PRB coal with low chlorine content,
8 our initial assessment is that neither the 90%
9 reduction nor the 0.00080 per pound gigawatt per
10 hour options can be reliably obtained with the
11 current technology.

12 And then since the answer to 2 was
13 essentially no, then questions (A), if yes what
14 were the results of the evaluation, and (B) who
15 conducted this evaluation and what measures did
16 they use to make this assessment, were moot.

17 Question 3. Has your company
18 assessed what additional control equipment
19 measures and/or costs would be required at Kincaid
20 to comply with the proposed mercury rule?

21 No detailed assessment has been
22 conducted to date. However, our preliminary
23 budget for 2007 provides for testing of
24 halogenated sorbent injection at Kincaid.

1 Again, question (A), if yes, what
2 were the results of this assessment, and (B) who
3 conducted this assessment and what measures did
4 they utilize to reach their conclusions, are moot.

5 MR. KIM: Mr. Yaros, you said no
6 detailed assessment has been conducted and you
7 made reference to your upcoming budget. Has any
8 other review less detailed been conducted?

9 MR. YAROS: No.

10 No. 4. Your testimony states that
11 your company supports the federal CAMR rule. Has
12 your company assessed what additional control
13 equipment measures and costs would be required to
14 comply with the federal CAMR in Phase 1?

15 Yes, with the planned addition of
16 several scrubbers on the Dominion coal-fired
17 fleet, we're optimistic that we will overcomply on
18 CAMR Phase 1 on an aggregate basis across our
19 system. We also have the advantage of burning
20 coal with a higher chlorine content at many of our
21 plants. Due to the substantial difference of the
22 proposed Illinois rule versus CAMR, no in-depth
23 assessments have been performed specifically for
24 the Kincaid plant.

1 Same question for Phase II of
2 CAMR?

3 Yes.

4 (A) If yes, what were the results
5 of this assessment?

6 Our preliminary assessment for
7 compliance with CAMR Phase II included continued
8 reliance on the co-benefits on facilities that
9 burn a much higher sulfur coal than Dominion burns
10 at Kincaid, and the ability to comply with the
11 aggregate across our entire coal-fired generation
12 fleet. We have placeholders for mercury-specific
13 controls on some units, but no economic
14 assessments have yet been completed.

15 MR. KIM: Mr. Yaros, do you -- just
16 maybe by way of background, aside from Kincaid,
17 how many other facilities does Dominion have in
18 its fleet and where are those facilities located?

19 MR. YAROS: We have two coal stations
20 in Massachusetts. A total of 7 coal units. We
21 have, I think it's five stations in Virginia, a
22 total of approximately a dozen coal units. We
23 have three, one station in West Virginia, with
24 three coal units and one station in Indiana, with

1 two coal units in addition to Kincaid.

2 MR. KIM: And was it your testimony
3 that although perhaps specific assessments have
4 not been done, as was described in question 4, for
5 the Kincaid facilities, that you might have some
6 similar information or assessments that were
7 performed at other facilities within the Dominion
8 system?

9 MR. YAROS: Yes.

10 MR. KIM: Could you describe what kind
11 of assessment you are referring to and which
12 plants those were conducted at?

13 MR. YAROS: We did a similar test to
14 the four-day test that we did at Kincaid to
15 measure mercury removal at many of our units.

16 MR. KIM: And are those other units,
17 how do they compare in terms of coal type and size
18 and capacity and so forth compared to Kincaid?

19 MR. YAROS: They are very dissimilar.
20 They for the most part burn foreign coal or
21 Eastern bituminous coal. Kincaid by far burns the
22 lowest sulfur in the system.

23 MR. KIM: Is it safe to say Kincaid
24 because of its particular specifics stands apart

1 from the other systems within Dominion's fleet?

2 MR. YAROS: I am not sure what you
3 mean by that.

4 MR. KIM: Well, based upon coal type,
5 based upon things like that, I believe you just
6 stated that you don't have any other facility
7 within the Dominion system that is similar to the
8 Kincaid station; is that correct?

9 MR. YAROS: No. I guess I said they
10 are all different in some, in either technology
11 type or fuel, but we do have one other cycling
12 unit in Indiana that also burns PRB coal.

13 MR. KIM: So you do think some of the
14 assessment information you received at, for
15 example, the Indiana facility might be applicable
16 to the Kincaid facility?

17 MR. YAROS: Well possibly.

18 MR. KIM: Has that information been
19 reduced to writing in terms of a report?

20 MR. YAROS: We have a report with the
21 test results. I referenced the EPRI Solutions
22 testing that we did with EPRI Solutions last year.
23 Yes, we do have a report from them.

24 MR. KIM: And that report was not then

1 limited just to Kincaid? That's the report you
2 are referring to when you say it involved all the
3 other --

4 MR. YAROS: Well, there is a separate
5 report for Kincaid, but we also have information
6 on some of the others, and we've also done
7 extensive testing -- we've also done more
8 extensive testing at our plants in Massachusetts.

9 MR. KIM: Thank you.

10 HEARING OFFICER TIPSORD: Mr. Harley?

11 MR. HARLEY: You mentioned that you've
12 done more extensive testing at your plants in
13 Massachusetts. Are you familiar with the fact
14 that Massachusetts, like Illinois, has developed
15 or is in the process of developing a state
16 specific mercury standard different from the
17 federal CAMR?

18 MR. YAROS: Yes, I am.

19 MR. HARLEY: Are you familiar with the
20 mercury reduction targets that Massachusetts is
21 imposing on coal-fired power plants?

22 MR. YAROS: Yes, I am.

23 MR. HARLEY: What are those
24 reductions?

1 MR. YAROS: They are somewhat
2 different in that it's an 85% removal requirement,
3 but it is not 85% removal of the coal going in.
4 It's based on a baseline at some point in the
5 past. So it gives you a lot more flexibility from
6 the standpoint you can change coals, do other
7 things. It's not nearly as severe as the 90%
8 requirement removal on the coal going in.

9 MR. HARLEY: And what have you done at
10 your two Massachusetts facilities in order to
11 comply with the 95% reduction?

12 MR. YAROS: Well, the 95% reduction
13 does not go into place until 2008.

14 MR. HARLEY: What do you intend to do
15 at your Massachusetts plants?

16 MR. YAROS: We intend to put ACI on
17 those. Although, when we did test, the last test
18 we did in 2004 we had trouble getting to the
19 targeted rate. We hit, like C.J. was talking
20 about before, diminishing returns where we were
21 putting in 10 pounds per megawatts, and all of a
22 sudden we went to 20 and no change. So we
23 basically hit a wall. So we do have some concerns
24 there.

1 MR. HARLEY: What type of carbon were
2 you injecting in 2004?

3 MR. YAROS: It was not a brominated
4 carbon. I don't think that was available at that
5 time. Although, we are not burning PRB coal
6 there. We are burning a different coal.

7 MR. HARLEY: Is it your opinion that
8 using activated carbon injection at the
9 Massachusetts facilities will enable you to meet
10 the Massachusetts' 85% reduction target?

11 MR. YAROS: I am not sure that it
12 will. We are looking at, we are actively looking
13 at -- we also have very stringent SO2 regulations
14 there. So we are putting scrubbers in on two of
15 the units. So between the activated carbon and
16 the scrubbers, you know, again, for these you
17 don't want to be in a position of coping with
18 strategy, but we are hoping to get there with the
19 units.

20 MR. HARLEY: You previously testified
21 that you are going to be installing scrubbers on
22 your Illinois facilities?

23 MR. YAROS: No. I testified we are
24 putting several new scrubbers across our system.

1 That is including units in Virginia and
2 Massachusetts.

3 MR. HARLEY: But not Illinois?

4 MR. YAROS: Correct. When you look
5 at, when I look at this on a system basis, from a
6 cap and trade situation, which is the Clean Air
7 Act cap and trading SO₂, it makes sense or it
8 makes most economic sense to scrub where your
9 sulfurs are.

10 MR. HARLEY: Can you generally
11 describe the expense? Can you describe generally
12 the expense of installing activated carbon
13 injection systems on your Massachusetts
14 facilities?

15 MR. YAROS: I think roughly for three
16 coal units it will be on the order of \$4 to \$6
17 million dollars, but again, the expense is not in
18 the cap acts up front for those, it's in the
19 carbon that you have to use.

20 MR. HARLEY: What steps are you taking
21 at the Massachusetts facilities to optimize those
22 units, that is to integrate it with the
23 technologies at those facilities?

24 MR. YAROS: The ACI is not installed

1 yet. We have not gotten to that pint yet.

2 MR. HARLEY: Is it your intention to
3 optimize?

4 MR. YAROS: I am not sure what you
5 mean by optimize.

6 MR. HARLEY: To make sure that those
7 units are operating as efficiently as other
8 equipment can with sorbent injection rates
9 necessary to achieve the 85% reduction goal.

10 MR. YAROS: I assume we will run those
11 units as efficiently as possible given the
12 economic and the environmental requirements that
13 we need to meet.

14 MR. HARLEY: In Massachusetts are you
15 prepared to inject more than 3 pounds of carbon if
16 necessary in order to achieve the 85% reduction?

17 MR. YAROS: I think it is a question
18 of what is the overall best way to get there in
19 terms of compliance. Since we are putting
20 scrubbers on, we'll look at different types of
21 ACI, activated carbon. We'll also look at coal.
22 If we use foreign coals there, which we can't get
23 to or would be cost prohibitive in Illinois, we
24 use foreign coals that have low mercury and remove

1 mercury very well there. So I'm not sure. I am
2 hoping we won't have to get to 3 pounds.

3 MR. HARLEY: But if necessary in order
4 to achieve compliance --

5 MR. YAROS: Our company's position is
6 that we will do, we will comply with the spirit
7 and intent of the law.

8 MR. HARLEY: Why is it in
9 Massachusetts you would be willing to inject more
10 than 3 pounds of carbon to achieve an 85% level,
11 but in Illinois under your proposal you are
12 prepared to only inject 3 pounds maximum?

13 MR. YAROS: I think it's a question of
14 economics in Massachusetts. I believe it's a much
15 higher cost market. We are on the market. It
16 makes more sense to look at different
17 alternatives. I think C.J. talked about the
18 severe economic hit that we would suffer in
19 Illinois.

20 MR. HARLEY: And why is it that in
21 Massachusetts you would take steps to optimize an
22 ACI system with other aspects of the facility
23 operations, but there's no such requirement in the
24 proposal you've now put before the Board?

1 MR. YAROS: I assume that we will, as
2 I mentioned before, we'll run our plants as
3 efficiently and effectively as we can from an
4 economic and environmental standpoint.

5 MR. HARLEY: Thank you very much.

6 Ms. Bassi?

7 MS. BASSI: Mr. Yaros, I'm Kathleen
8 Bassi. Does a company like Dominion that has
9 units in many different states, had it been
10 looking at CAMR compliance in -- that's CAMR --
11 compliance for some period of time?

12 MR. YAROS: Yes, we have.

13 MS. BASSI: Do you have a sense of how
14 long Dominion had been planning CAMR compliance?

15 MR. YAROS: We've been obviously
16 looking at it since the rules with mercury were
17 introduced back several years ago.

18 MS. BASSI: I don't recall exactly
19 when that was, but I believe the rule was
20 finalized in 2005. So it had been out there for a
21 number of years before that; is that your
22 recollection?

23 MR. YAROS: Yes.

24 MS. BASSI: And I believe you implied

1 from your testimony that Dominion's plans for
2 compliance with CAMR and probably CAIR was a
3 systemwide approach; is that correct?

4 MR. YAROS: That is correct.

5 MS. BASSI: When did you first hear
6 about Illinois' proposed 90% rule?

7 MR. YAROS: I guess it would have been
8 just earlier this year.

9 MS. BASSI: Earlier this year, perhaps
10 January this year?

11 MR. YAROS: I believe so.

12 MS. BASSI: What did that do to your
13 systemwide planning?

14 MR. YAROS: It made it much more
15 difficult. Again, we've got, there's a lot of
16 uncertainty anyway given the lack of history of
17 mercury measurements and the limited amount of
18 tests and the limited times, the limited lengths
19 of the tests. So it just added increased
20 uncertainty.

21 MS. BASSI: Would you say or could you
22 characterize your systemwide planning as a type of
23 multi-pollutant strategy?

24 MR. YAROS: Yes, definitely.

1 MR. KIM: If I may. Mr. Yaros, you
2 stated that your company had been planning CAMR
3 compliance for a period of time; is that correct?

4 MR. YAROS: Yes.

5 MR. KIM: And that you were not aware
6 of Illinois' proposed rule specifics until earlier
7 this year; is that correct?

8 MR. YAROS: Yes.

9 MR. KIM: But as part of CAMR you did
10 note that CAMR does provide flexibility to
11 individual states to seek to impose their own
12 specific state plan; is that correct?

13 MR. YAROS: That is true.

14 MR. KIM: So as part of your planning,
15 you did assume that there was a possibility that
16 different states, including Illinois, may take a
17 different path than the federal CAMR; is that
18 correct?

19 MR. YAROS: We assumed that was a
20 possibility. But until we saw, until we had more
21 definition on what those actions might be, it was
22 difficult to take those into account in planning.

23 MR. KIM: Let's put it this way. If a
24 state was going to take a different plan than

1 federal CAMR, they wouldn't be taking a more
2 relaxed plan, is that your understanding?

3 MR. YAROS: That is correct.

4 MR. KIM: If a state was to take the
5 option under CAMR to seek its own state plan, they
6 would be seeking a more stringent plan?

7 MR. YAROS: Yes, and we have more --

8 MR. HARLEY: One follow-up on that.
9 Did you oppose the 85% percent mercury reduction
10 rulemaking proposal in Massachusetts?

11 MR. YAROS: At the time of the
12 rulemaking, we did not own the plant. So we had
13 no ownership. So the answer is we were not
14 involved.

15 MR. HARLEY: Thank you.

16 HEARING OFFICER TIPSORD: And I
17 believe we are back to question 4(B). And some of
18 these may have been answered in this discussion.
19 If you feel they have been answered or the Agency
20 feels, then you can go on.

21 MR. KIM: I think 4(B) probably has
22 been.

23 HEARING OFFICER TIPSORD: 4(C)?

24 MR. YAROS: 4(C) What are the expected

1 reductions in mercury emissions in pounds reduced
2 per year and percentage reduced per year from a
3 given base year as a result of your federal CAMR
4 compliance strategy in Phase I? Same question for
5 Phase II? Please use a year from 2002 to 2005 as
6 the base year, if available. If not, please
7 identify the base year.

8 At the start of this process we
9 had very little specific information about the
10 mercury emissions from our coal-fired fleet. We
11 have been conducting stack tests across our system
12 over the past year and are now beginning to get a
13 clearer picture of our mercury emissions. Our
14 preliminary assessment, based on the 1999 USEPA
15 ICR data, indicated the Dominion coal-fired plants
16 would require a 30-36% reduction under CAMR Phase
17 I and a 70-75% reduction in Phase II.

18 (D) Would Kincaid purchase or bank
19 mercury emissions under the federal CAMR rule?
20 Please explain.

21 We have no plans at this time to
22 purchase mercury allowances under the CAMR rule.
23 Again, our preliminary plans are to rely on the
24 co-benefit reductions achieved through controls on

1 units that burn a much higher sulfur coal than
2 Dominion burns at Kincaid and to comply with the
3 CAMR requirements in the aggregate across our
4 generation fleet.

5 HEARING OFFICER TIPSORD: All right.
6 Mr. Harley?

7 MR. HARLEY: So is it correct to say
8 that you will be relying on mercury reductions
9 that you will achieve in Massachusetts, Virginia,
10 West Virginia or Indiana in order to comply with
11 CAMR, meaning in Illinois?

12 MR. YAROS: Under the CAMR rule we
13 would have the opportunity to use emission or
14 emission cuts in Virginia and West Virginia to be
15 able to do that.

16 MR. HARLEY: So the mercury reductions
17 would be achieved in Virginia and West Virginia in
18 order to allow you to continue to operate with
19 higher mercury emissions in Illinois?

20 MR. FORCADE: Objection to higher
21 mercury emissions. Higher than what?

22 MR. HARLEY: Than otherwise required
23 under CAMR.

24 MR. FORCADE: CAMR doesn't require

1 mercury emissions.

2 MR. YAROS: Yes. You have to trade.

3 MR. HARLEY: I will withdraw that
4 question.

5 HEARING OFFICER TIPSORD: Question No.
6 5.

7 MR. YAROS: On page two of your
8 testimony you claim that there is a continuing
9 problem with the current state of the mercury CEMs
10 technology. However, isn't it true that the
11 proposed Illinois rule also allows for the use of
12 sorbent trap monitoring?

13 Yes.

14 No. 6. Therefore isn't it also
15 true that your reasoning for rejecting the 90%
16 reduction based on monitoring issues is flawed as
17 you based that reasoning on the claim that one is
18 unable to measure low concentrations of mercury?

19 No, our reasoning is not flawed.
20 As we have stated many times, the reason we reject
21 the 90% reduction is because we honestly do not
22 have any confidence that at the current state of
23 the technology we can achieve a 90% reduction at
24 Kincaid for a sustained period of time. Accepting

1 any realistic risk of noncompliance is
2 unacceptable to Dominion.

3 While we certainly believe the
4 monitoring technology must improve before these
5 monitoring requirements become effective, we also
6 have confidence that we will be able to work
7 through those difficulties with the cooperative
8 understanding of the regulatory authorities.

9 Regarding the USEPA's Appendix K
10 method, the minimum reportable threshold according
11 to Subpart 1, Part 75 is .5 micrograms per normal
12 cubic meter. Any level below this .5 microgram
13 threshold would still be reported at .5 micrograms
14 per normal cubic meter. Utilizing the limited
15 2005 Kincaid mercury stack test results, the .5
16 microgram per normal cubic meter threshold would
17 be obtained before the 90% capture rate is
18 achieved. That's all.

19 HEARING OFFICER TIPSORD: Does the
20 IEPA have any additional follow-ups?

21 MR. KIM: No.

22 HEARING OFFICER TIPSORD: Then let's
23 go on to Midwest Generations questions.

24 MR. YAROS: Question 1. On page 3 of

1 your testimony, you quote from a DOE/NETL report.
2 Just to clarify, is this document the report of
3 the activities and conclusions of the Pleasant
4 Prairie demonstration?

5 Yes, it's a report, DOE/NETL
6 Report, Department of Energy, National Energy
7 Technology Laboratory, "Field Test Program to
8 Develop Comprehensive Design, Operating and Cost
9 Data For Mercury Control Systems." And I've got
10 the specifics if anybody wants it.

11 Question 2. What is the source of
12 your information regarding the Meramec
13 demonstration?

14 Meramec demonstration was
15 referenced in the following report: "The Control
16 Of Mercury Emissions From Coal Fired Electric
17 Utility Boilers: An Update." This was an EPA
18 document that I can give more information on.

19 No. 3. What is a full-scale test
20 demonstration?

21 Test is applied to entire, fully
22 functional unit under normal operating conditions.

23 Question 4. With respect to the
24 Monroe demonstration, what is ADA-ES?

1 ADA-Environmental Solutions. The
2 company provides environmental technologies and
3 specialty chemicals for coal-burning power plants.

4 HEARING OFFICER TIPSORD: Slow down in
5 reading your answers.

6 MR. YAROS: No. 5. With respect to
7 the St. Clair demonstration, you state that the
8 mercury capture averaged 93% over the first 25
9 days of the 30-day demonstration. Question (A)
10 What were the averages for the other five days?
11 And (B) How do those averages affect the 30-day
12 average? That is, what is the 30-day average?

13 We cite the USEPA report "Control
14 of Mercury Emissions From Coal Fired Utility
15 Boilers: An Update" from February 2005 for that
16 statement. I do not know what the average removal
17 was for the other five days.

18 Question 6. Did the St. Clair
19 demonstration include tests of 100% subbituminous
20 coal in addition to the testing of the 85/15 blend
21 of subbituminous and bituminous coals?

22 My understanding is that some
23 testing was also conducted with 100% subbituminous
24 coal, but I do not have those results. My

1 information on the tests for the blended coal
2 comes from the USEPA report cited above and
3 directly from the company that owns and operates
4 the St. Clair plant, DTE Energy.

5 My understanding is that the plant
6 typically burns the blended coal, 85/15. The
7 biggest issue with this test is the oversized ESP
8 and the size of the St. Clair unit tested, which
9 was only 80 megawatts. Our Kincaid units are
10 about 600 megawatts each and have ESPs half the
11 equivalent size of the St. Clair units in terms of
12 specific collection area.

13 Question 7. What is a low-rank
14 coal?

15 High moisture, low BTU coal, which
16 typically is subbituminous and lignite coals.

17 Question 8. In your opinion, how
18 may the difference in speciation of the
19 subbituminous coals burned at Kincaid, which is
20 55% elemental mercury compare to the speciation at
21 Meramec which is only 38% elemental mercury and
22 62% Hg₂, affect mercury removal?

23 The absorption rate on to fly ash
24 and/or carbon is much lower for the elemental

1 mercury versus oxidized mercury downstream of the
2 air heaters or the inlet of precipitators.

3 That concludes the questions.

4 HEARING OFFICER TIPSORD: Mr. Yaros,
5 thank you very much for responding. Let's go off
6 the record.

7 (Brief discussion off the record,
8 after which the following
9 proceedings were had:)

10 HEARING OFFICER TIPSORD: Let's go
11 back on the record. Well we've reached the end of
12 the currently scheduled hearings in this
13 proceeding, and I want to put a couple questions
14 on the record that I invite everyone to comment
15 on, and they have to do with the joint statements
16 and also frankly now the Dominion filing from this
17 morning.

18 First of all, we asked Ameren when
19 Ameren was here, some very specific questions
20 about some of the language, and we invite everyone
21 to comment on those on both the Dynegy/Midwest
22 Generation/Ameren joint statements and
23 Dominion/Kincaid's proposed language.

24 And now with the caveat that I

1 have not thoroughly reviewed either joint
2 statements or Dominion's filing today, one of the
3 concerns that I have, and I think that you saw it
4 come out in our questions from the Board, are the
5 impacts and how this proposed language interacts
6 with the CAIR proposal, specifically given that
7 there are cross references in all three proposals
8 to the language in the CAIR proposed rule that
9 obviously has not yet been adopted, and there are
10 reporting requirements at 240, 225, 229. I would
11 ask that anyone who wants to comment on how the
12 Board can best handle the interaction between the
13 MPS and the CAIR proceeding, and that's more true
14 with the MPS than obviously with Dominion's
15 language, but how best to handle the interaction.

16 We've talked off the record and we
17 will currently set as a date for post-hearing
18 comments on September 20th.

19 And before we do close, I have a
20 couple of comments. First of all, I want to put
21 on the record my deep appreciation to the court
22 reporting service and all of the court reporters
23 who have been here, especially given the tag-team
24 way they did it, which made them able to give us

1 the transcripts so fast. They have been
2 unobtrusive and helpful, and I really appreciate
3 it. And I want to thank you all very much, and I
4 want that on the record.

5 I also want to thank all of you.
6 It's been 18 days of hearings. We have at times
7 had our death stops, but for the most part
8 everyone has been courteous and collegial and has
9 not gone as crazy as we all could have. And so I
10 thank all of you very much.

11 Mr. Forcade?

12 MR. FORCADE: Just the last thing if
13 we are done with the questions, we would move
14 Exhibit 138.

15 HEARING OFFICER TIPSORD: It's
16 admitted.

17 And so thank you all very much,
18 and I thought I'd never get to say this, we are
19 adjourned.

20 (Whereupon the hearing was
21 adjourned.)

22

23

24 STATE OF ILLINOIS.)

1) SS.

2 COUNTY OF COOK)

3 I, DENISE A. ANDRAS, CSR, and
4 Notary Public in and for the County of Cook and
5 State of Illinois, do hereby certify that on the
6 23rd day of August, 2006, at 9:00 a.m., at the JR
7 Thompson Center, Chicago, Illinois, this hearing
8 of the POLLUTION CONTROL COMMISSION was had.

9 I further testify that the said
10 hearing was by me reported and witnesses were
11 sworn to testify and that the foregoing is a true
12 record of the testimony given on that day.

13 I further certify that I am not
14 counsel for nor related to any of the parties
15 herein, nor am I interested in the outcome hereof.
16 In witness hereof, I have hereunto set my hand and
17 seal of office this 24th day of August, 2006.

18
19
20
21
22
23
24

Notary Public

CSR No. 084-00343

