BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

In the Matter of:	)	
	)	R2018–20
AMENDMENTS TO	)	(Rulemaking – Air)
35 ILL. ADM. CODE 225.233,	)	
MULTI-POLLUTANT STANDARDS (MPS)	)	

NOTICE OF FILING

PLEASE TAKE NOTICE that I have filed today with the Illinois Pollution Control Board the attached **ENVIRONMENTAL GROUPS' PREFILED QUESTIONS FOR VISTRA ENERGY**, copies of which are served on you along with this notice.

Respectfully Submitted,

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Dated: May 1, 2018

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ENVIRONMENTAL GROUPS' PREFILED QUESTIONS FOR VISTRA ENERGY

1. Has Vistra conducted any analysis (financial or otherwise) of how the proposed MPS SO_2 cap of 49,000 tons per year will provide Vistra with operational flexibility and economic stability? If so, please provide that analysis.

    a. Has Vistra conducted any analysis (financial or otherwise) of how the Attorney General's Office's calculated MPS SO_2 cap of 34,094 tons per year will provide Vistra with operational flexibility and economic stability? If so, please provide that analysis.

    b. Is it Vistra's position that an SO_2 cap of 49,000 tons per year will provide Vistra with operational flexibility and economic stability but an SO_2 cap of 34,094 tons per year will not provide it with sufficient operational flexibility and economic stability?

        i. If so, what is the basis for that position?

2. Is it Vistra's position that the multi-pollutant standard needs to change from a rate-based limit to a mass-based limit for the company's Illinois fleet to stay in business?

    a. Will Vistra be forced to shut down **all** operations in Illinois without the multi-pollutant standard changing from a rate-based limit to a mass-based limit?

    b. Will Vistra be forced to shut down **any** operations in Illinois without the multi-pollutant standard changing from a rate-based limit to a mass-based limit?

3. In 2015, Dynegy placed a fair market value of zero on the Coffeen power plant.[1] Does this indicate that Coffeen has no current or future value to the company?

    a. Does Vistra agree with this valuation?

[1] *See* Illinois Power Generating Company (2015). Form 10-K 2015 at F-14. Attached as Attachment A.

i. If so, assuming no regulation (including the rate-based caps of the current MPS), law, order, or must-run designation requires continuing to run the plant, would Vistra continue to run Coffeen if Vistra is valuing the plant as zero on its books?

ii. If so, under what circumstances would Vistra continue to run Coffeen?

4. On a February 26, 2018 Vistra earnings call and in reference to the MISO segment, Curt Morgan said "And so at some point, when you don't get the reform and you are successful at doing what you need to do around the multi-pollutant standard and freeing up the assets, we've got a portfolio optimization exercise to do, no different than what we did in Texas. And I think that may result in maybe a shrinking of the size of our generation." In Texas, Vistra closed 4200 MW of coal-fired capacity, correct?

5. Vistra is reporting a new segment called the asset closure segment beginning with Q1 2018 financial results on May 4, 2018, correct?

   a. Will those results include more information on the asset closure segment?

   b. What is the asset closure segment?

   c. What does the asset closure segment do?

   d. Why was the asset closure segment created?

   e. Will the asset closure segment operate in Illinois?

      i. If so, why?

      ii. Also, if so, what will the asset closure segment do in Illinois?

6. In an interview with Jim Kramer of "Mad Money" on CNBC, Curt Morgan, Vistra's CEO, stated "I don't believe [coal] is going to have a renaissance. . . . I think it's on its way out," correct?[2]

   a. What did Mr. Morgan mean by this statement?

[2] Video available at https://www.cnbc.com/video/2018/04/16/coal-is-on-its-way-out-solar-is-in-vistra-ceo.html

Respectfully Submitted,

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Dated: May 1, 2018

ATTACHMENT A

information to users of financial statements and simplifying the preparation of financial statements. The guidance in this ASU is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted for interim and annual periods beginning after December 15, 2016. We are currently assessing this ASU; however, we do not anticipate the adoption of this ASU will have a material impact on our consolidated financial statements.

Note 3—Impairments

2015 Coffeen Impairment

During the third quarter of 2015, several environmental regulations were adopted which will have an impact on our coal-fired power generation facilities. As a result of these regulations, we performed a strategic review of our assets which incorporated the costs of these regulations, and incorporated a reduced long-term market outlook, caused by MISO's poorly designed wholesale capacity market. The analysis indicated that the book value of the Coffeen facility was not recoverable, requiring the facility to be impaired. We conducted a held and used discounted cash flow model of the facility to determine its fair value. For the model, gross margin was based on publicly available forward market quotes for the first two years and internally developed prices thereafter, operations and maintenance expenses and capital expenditures were based on current forecasts and used a plant-specific discount rate of approximately 15%. The model resulted in a fair value of zero for the plant, requiring us to record an impairment charge of $855 million during the third quarter of 2015.

2013 Gas-fired Facilities Impairment

In October 2013, we divested our Elgin, Gibson City and Grand Tower gas-fired facilities (the "Gas-Fired Facilities") to Ameren Energy Medina Valley Cogen LLC ("Medina Valley"), an affiliate of Ameren Energy Resources Company, LLC ("AER") that IPH did not acquire in the AER Acquisition, under a put option agreement that was assumed by Medina Valley and exercised by us in March 2013 (the "Put Option"). We recorded a pretax charge to earnings of $199 million for 2013, to reflect the impairment of the Gas-Fired Facilities under the held for sale model. Fair value was based on the actual sales price of $138 million realized upon sale of the Gas-Fired Facilities to Medina Valley in October 2013.

The 2013 impairment recorded was primarily related to the Gibson City and Grand Tower Gas-Fired Facilities as the Elgin facility was previously impaired during the year ended December 31, 2012. The impairment charges were recorded in Impairment on our consolidated statements of operations for the year ended December 31, 2013. The impairment charges did not result in a violation of our debt covenants or counterparty agreements. These assets and liabilities held for sale were measured at fair value on a nonrecurring basis, based on the cash proceeds of $138 million, which is an input classified as Level 3 within the fair value hierarchy.

Key assumptions used in the determination of estimated undiscounted cash flows of our long-lived assets tested for impairment under a held and used model included forward price projections for energy and fuel costs, the expected life or duration of ownership of the long-lived assets, environmental compliance costs and strategies and operating costs. These assumptions are subject to a high degree of judgment and complexity. In comparison, impairment analysis under the held for sale model involves only comparison of the carrying cost of the asset group to the asset group's estimated fair value less cost to sell and recording an impairment charge for any excess of that carrying value over the estimated fair value less cost to sell. We assess impairment at the lowest level of identifiable cash flows.

Note 4—Derivative Financial Instruments

There are no derivative instruments as of December 31, 2015 and 2014.

Impact of Derivatives on the Consolidated Statements of Operations

The cumulative amount of pretax net losses on interest rate derivative instruments in accumulated other comprehensive income ("AOCI") was $4 million, $5 million and $6 million as of December 31, 2015, 2014 and 2013, respectively. These interest rate swaps were executed in 2007 and designated as a cash flow hedge of interest rate risks associated with our April 2008 debt issuance. The loss on the interest rate swaps is being amortized over a 10-year period that began in April 2008, $1.4 million of which was amortized in 2015.

Financial Instruments Not Designated as Hedges. There was no material impact of mark-to-market gains (losses) on our consolidated statements of operations for the years ended December 31, 2015 and 2014. Revenues on our consolidated statements of operations for the year ended December 31, 2013 included mark-to-market gains of $7 million related to commodity derivatives.

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CERTIFICATE OF SERVICE

The undersigned certifies that a true copy of the foregoing **NOTICE OF FILING** and **ENVIRONMENTAL GROUPS' PREFILED QUESTIONS FOR VISTRA ENERGY** on behalf of the Environmental Law & Policy Center in R2018-20 were served upon the attached service list by e-mail on May 1, 2018.

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