

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

Dynegy Midwest Generation, Inc.  
Havana Power Station  
(Property Identification Number  
09-11-400-001)

)  
)  
) PCB 07- 78  
) (Tax Certification)  
)

RECEIVED  
CLERK'S OFFICE  
FEB 20 2007  
STATE OF ILLINOIS  
Pollution Control Board

NOTICE

Dorothy M. Gunn, Clerk  
Illinois Pollution Control Board  
James R. Thompson Center  
100 West Randolph Street, Suite. 11-500  
Chicago, Illinois 60601

Rick Diericz  
2828 North Monroe Street  
Decatur, Illinois 62526

Steve Santarelli  
Illinois Department of Revenue  
101 West Jefferson  
Post Office Box 19033  
Springfield, Illinois 62794

PLEASE TAKE NOTICE that I have today filed with the Office of the Clerk of the Pollution Control Board an APPEARANCE AND THE RECOMMENDATION of the Illinois Environmental Protection Agency, a copy of which is herewith served upon you.

ENVIRONMENTAL PROTECTION AGENCY  
OF THE STATE OF ILLINOIS

By: Vera Herst  
Vera Herst  
Assistant Counsel  
Division of Legal Counsel

DATED: February 16, 2007

Illinois Environmental Protection Agency  
1021 North Grand Avenue East  
Post Office Box 19276  
Springfield, Illinois 62794-9276  
(217) 782-5544

THIS FILING IS SUBMITTED ON RECYCLED PAPER

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

Dynegy Midwest Generation, Inc.  
Havana Power Station  
(Property Identification Number  
09-11-400-001)

)  
)  
) PCB 07-  
) (Tax Certification)  
)  
)  
)

*JB*

**RECEIVED**  
CLERK'S OFFICE

FEB 20 2007

A P P E A R A N C E

STATE OF ILLINOIS  
Pollution Control Board

The undersigned, as one of its attorneys, hereby enters an APPEARANCE on behalf of Respondent, Illinois Environmental Protection Agency.

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

By: *Vera Herst*  
Vera Herst  
Assistant Counsel  
Division of Legal Counsel

DATED: February 16, 2007  
Illinois Environmental Protection Agency  
1021 North Grand Avenue East  
Post Office Box 19276  
Springfield, Illinois 62794-9276  
(217)782-5544

THIS FILING IS SUBMITTED ON RECYCLED PAPER

requested tax certification.

ILLINOIS ENVIRONMENTAL  
PROTECTION AGENCY

By: Vera Herst  
Vera Herst  
Assistant Counsel  
Division of Legal Counsel

Dated: February 16, 2007

Illinois Environmental Protection Agency  
1021 North Grand Ave. E.  
P.O. Box 19276  
Springfield, Illinois 62794-9276  
217/782-5544

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

Dynegy Midwest Generation, Inc )  
Havana Power Station )  
(Property Identification Number ) PCB 07-  
09-11-400-001 ) (Tax Certification)  
)

78

RECEIVED  
CLERK'S OFFICE

FEB 20 2007

STATE OF ILLINOIS  
Pollution Control Board

RECOMMENDATION

The Illinois Environmental Protection Agency ("Illinois EPA") hereby files its Recommendation pursuant to Section 125.204 of the regulations of the Illinois Pollution Control Board, 35 Ill. Adm. Code 125.204.

1. On December 29, 2005, and on February 2, 2006, the Illinois EPA received a request from Dynegy Midwest Generation, Inc. (log number TC-04-06, Exhibit A) for an Illinois EPA recommendation regarding the tax certification of water pollution control facilities pursuant to 35 Ill. Adm. Code 125.204.
2. The applicants' address is: 

Dynegy Midwest Generation, Inc.  
Havana Power Station  
15260 No. State Rt. 78  
Havana, Illinois 62644
3. The proposed water pollution control facilities in this request are located at Section 12, T21N, R9W in Mason County, at the above street address and consist of the following:

Newly constructed primary ash deposition cell, whose bottoms and sidewalls are lined with a 45-mil polypropylene liner and 12 inches of compacted clay.

The facility is used to remove fly ash, bottom ash, and other miscellaneous low volume wastes from the sluice water, and is further described in Exhibit A.

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 or 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, 35 ILCS 200/11-5.
6. Based on the information in the application and the purpose of the facilities, it is the Illinois EPA’s engineering judgment that the described facilities may be considered “pollution control facilities,” pursuant to 35 Ill. Adm. Code 125.200(a), with the primary purpose of eliminating, preventing, or reducing water pollution, or as otherwise provided in 35 Ill. Adm. Code 125.200, and are eligible for tax certification from the Board.

WHEREFORE, the Illinois EPA recommends that the Board issue the

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

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

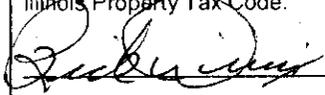
This Agency is authorized to request this information under Illinois Revised Statutes, 1979, Chapter, 120, Section 502a-5. Disclosure of this information is voluntary. However, failure to comply could prevent your application from being processed or could result in denial of your application for certification.

FOR AGENCY USE

File No.	Date Received	Certification No.	Date	
Sec. A          APPLICANT	Company Name <p align="center">Dynegy Midwest Generation, Inc.</p>			
	Person Authorized to Receive Certification <p align="center">Rick Dierix</p>		Person to Contact for Additional Details <p align="center">Rick Dierix</p>	
	Street Address <p align="center">2828 North Monroe Street</p>		Street Address <p align="center">2828 North Monroe Street</p>	
	Municipality, State & Zip Code <p align="center">Decatur, IL 62526</p>		Municipality, State & Zip Code <p align="center">Decatur, IL 62526</p>	
	Telephone Number <p align="center">(217) 872-2354</p>		Telephone Number	
	Location of Facility Quarter Section 12; SW Township 21N Range 9W		Municipality <p align="center">Havana</p>	Township <p align="center">Havana</p>
	Street Address <p align="center">15260 No. State Rt. 78</p>		County <p align="center">Mason</p>	Book Number
	Property Identification Number <p align="center">09-11-400-001</p>		Parcel Number	
Sec. B       MANUFACTURING OPERATIONS	Nature of Operations Conducted at the Above Location <p>The facility at the above location is DMG's Havana Power Station. The station is located on the east bank of the Illinois River at river mile 118.5. The station is engaged in the generation of electricity from the combustion of coal (SIC Code 4911). A tax exemption certification is being sought for cell no. 3 of the station's east ash pond system.</p>			
	Water Pollution Control Construction Permit No. <p align="center">2002-EN-0487</p>		Date Issued <p align="center">June 5, 2002</p>	
	NPDES PERMIT No. <p align="center">IL0001571</p>		Date Issued <p align="center">April 25, 2002</p>	Expiration Date <p align="center">April 30, 2007</p>
	Air Pollution Control Construction Permit No.		Date Issued	
	Air Pollution Control Operating Permit No.		Date Issued	
Sec. C       MANUFACTURING PROCESS	Describe Unit Process <p>The station is engaged in the generation of electricity from the combustion of coal (SIC Code 4911). Bituminous coal is combusted in nine boilers which generate steam. The steam turns six turbines which are connected to six generators. The net rated capacity of the station is 476 MWs.</p>			
	Materials Used in Process <p>Bituminous coal and water.</p>			
Sec. D       POLLUTION CONTROL FACILITY DESCRIPTION	Describe Pollution Abatement Control Facility <p>Fly ash and bottom ash (and other miscellaneous low volume wastes) generated from the combustion of coal are sluiced with water to the ash pond system located east of the station. The ash and other particulates are removed from the sluice water by gravity clarification. Clarified sluice waters are pH-adjusted and then discharged to the Illinois River.</p>			
	<p>Cell no. 3 is a newly-constructed primary ash deposition cell. The bottom and sidewalls of this cell are lined with a 45-mil polypropylene liner and 12 inches of compacted clay.</p>			

**RECEIVED**  
MAY 20 2005

ILLINOIS ENVIRONMENTAL  
PROTECTION AGENCY  
BOW/WPC/PERMIT SECTION

Sec. E	(1) Nature of Contaminants or Pollutants			
	CONTAMINANTS	Material Retained, Captured or Recovered		
		Contaminant or Pollutant	DESCRIPTION	DISPOSAL OR USE
		Total suspended solids	fly ash and bottom ash	deposited in lined pond
	ACCOUNTING DATA	(2) Point(s) of Waste Water Discharge		
		Outfall 005 (NPDES Permit IL0001571) on the east bank of the Illinois River at river mile 118.2.		
		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 <u>November 30, 2003</u> status of installation on date of application <u>100 percent</u>				
(5) a. FAIR CASH VALUE IF CONSIDERED REAL PROPERTY:	\$	5,366,494.00		
b. NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:	\$	0.00		
c. PRODUCTIVE GROSS ANNUAL INCOME OF CONTROL FACILITY:	\$	0.00		
d. PRODUCTIVE NET ANNUAL INCOME OF CONTROL FACILITY:	\$	0		
e. PERCENTAGE CONTROL FACILITY BEARS TO WHOLE FACILITY VALUE:	%	100%		
Sec. F	The following information is submitted in accordance with the Illinois Property Tax Code, as amended, and to the best of my knowledge, is true and correct. The facilities claimed herein are "pollution control facilities" as defined in Section 11-10 of the Illinois Property Tax Code.			
SIGNATURE	 Signature		Director - Operations Environmental Compliance Title	
Sec. G	INSTRUCTIONS FOR COMPILING AND FILING APPLICATION			
	General: Separate applications must be completed for each control facility claimed. Do not mix types (water and air). Where both air and water operations are related, file two applications. If attachments are needed, record them consecutively on an index sheet.			
Sec. A	Information refers to applicant as listed in the tax records and the person to be contacted for further details or for inspection of facilities. Define facility location by street address or legal description. A plat map location is required for facilities located outside of municipal boundaries. The property identification number is required.			
Sec. B	Self-explanatory. Submit copies of all permits issued by local pollution control agencies. (e.g. MSD Construction Permit)			
Sec. C	Refers to manufacturing processes or materials on which pollution control facility is used.			
Sec. D	Narrative description of the pollution control facility, indicating that its primary purpose is to eliminate, prevent or reduce pollution. State the type of control facility. State permit number, date, and agency issuing permit. A narrative description and a process flow diagram describing the <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	Alan Keller Permit Section Division of Water Pollution Control	Donald E. Sutton Permit Section Division of Air Pollution Control	

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

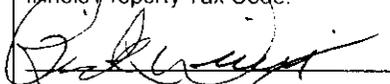
**ILLINOIS ENVIRONMENTAL PROTECTION AGENCY**  
P. O. Box 19276, Springfield, IL 62794-9276

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 <p align="center">Dynergy Midwest Generation, Inc.</p>			
	Person Authorized to Receive Certification <p align="center">Rick Diericx</p>		Person to Contact for Additional Details <p align="center">Rick Diericx</p>	
	Street Address <p align="center">2828 North Monroe Street</p>		Street Address <p align="center">2828 North Monroe Street</p>	
	Municipality, State & Zip Code <p align="center">Decatur, IL 62526</p>		Municipality, State & Zip Code <p align="center">Decatur, IL 62526</p>	
	Telephone Number <p align="center">(217) 872-2354</p>		Telephone Number	
	Location of Facility Quarter Section 12, SW Township 21N Range 9W		Municipality <p align="center">Havana</p>	Township <p align="center">Havana</p>
	Street Address <p align="center">15260 No. State Rt. 78</p>		County <p align="center">Mason</p>	Book Number <p align="center">?</p>
	Property Identification Number <p align="center">?</p>		Parcel Number	<p align="center">?</p>
Sec. B  MANUFACTURING OPERATIONS	Nature of Operations Conducted at the Above Location <p>The facility at the above location is DMG's Havana Power Station. The station is located on the east bank of the Illinois River at river mile 118.5. The station is engaged in the generation of electricity from the combustion of coal (SIC Code 4911). A tax exemption certification is being sought for cell no. 3 of the station's east ash pond system.</p>			
	Water Pollution Control Construction Permit No. <p align="center">2002-EN-0487</p>		Date Issued <p align="center">June 5, 2002</p>	
	NPDES PERMIT No. <p align="center">IL0001571</p>		Date Issued <p align="center">April 25, 2002</p>	Expiration Date <p align="center">April 30, 2007</p>
	Air Pollution Control Construction Permit No.		Date Issued	
	Air Pollution Control Operating Permit No.		Date Issued	
Sec. C  MANUFACTURING PROCESS	Describe Unit Process <p>The station is engaged in the generation of electricity from the combustion of coal and oil (SIC Code 4911). No. 6 fuel oil is combusted in eight boilers; Powder River Basin Wyoming coal is combusted in a ninth boiler. These boilers generate steam. The steam turns six turbines which are connected to six generators. The net rated capacity of the station is 476 MWs.</p>			
	Materials Used in Process <p>sub-bituminous coal, #6 fuel oil and water.</p>			
Sec. D  POLLUTION CONTROL FACILITY DESCRIPTION	Describe Pollution Abatement Control Facility <p>Fly ash and bottom ash (and other miscellaneous low volume wastes) generated from the combustion of coal are sluiced with water to the ash pond system located east of the station. The ash and other particulates are removed from the sluice water by gravity clarification. Clarified sluice waters are pH-adjusted and then discharged to the Illinois River.</p>			
	<p>Cell no. 3 is a newly-constructed primary ash deposition cell. The bottom and sidewalls of this cell are lined with a 45-mil polypropylene liner and 12 inches of compacted clay.</p>			

**RECEIVED**  
  
ILLINOIS ENVIRONMENTAL  
PROTECTION AGENCY  
BOWLING GREEN SECTION

Sec. E	(1) Nature of Contaminants or Pollutants			
	Material Retained, Captured or Recovered			
	Contaminant or Pollutant	DESCRIPTION	DISPOSAL OR USE	
	Total suspended solids	fly ash and bottom ash	deposited in lined pond	
POLLUTION CONTROL FACILITY - CONTAMINANTS	(2) Point(s) of Waste Water Discharge			
	Outfall 005 (NPDES Permit IL0001571) on the east bank of the Illinois River at river mile 118.2.			
	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 <u>November 30, 2003</u> status of installation on date of application <u>25 percent</u>			
	(5) a. FAIR CASH VALUE IF CONSIDERED REAL PROPERTY:	\$ <u>5,360,494.00</u>		
	b. NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:	\$		
	c. PRODUCTIVE GROSS ANNUAL INCOME OF CONTROL FACILITY:	\$ 0.00		
	d. PRODUCTIVE NET ANNUAL INCOME OF CONTROL FACILITY:	\$ 0		
	e. PERCENTAGE CONTROL FACILITY BEARS TO WHOLE FACILITY VALUE:	% <u>100%</u>		
ACCOUNTING DATA				
Sec. F	The following information is submitted in accordance with the Illinois Property Tax Code, as amended, and to the best of my knowledge, is true and correct. The facilities claimed herein are "pollution control facilities" as defined in Section 11-10 of the Illinois Property Tax Code.			
	 Signature	Director - Operations Environmental Compliance Title		
INSTRUCTIONS	Sec. G INSTRUCTIONS FOR COMPILING AND FILING APPLICATION			
	General: Separate applications must be completed for each control facility claimed. Do not mix types (water and air). Where both air and water operations are related, file two applications. If attachments are needed, record them consecutively on an index sheet.			
	Sec. A	Information refers to applicant as listed in the tax records and the person to be contacted for further details or for inspection of facilities. Define facility location by street address or legal description. A plat map location is required for facilities located outside of municipal boundaries. The property identification number is required.		
	Sec. B	Self-explanatory. Submit copies of all permits issued by local pollution control agencies. (e.g. MSD Construction Permit)		
	Sec. C	Refers to manufacturing processes or materials on which pollution control facility is used.		
	Sec. D	Narrative description of the pollution control facility, indicating that its primary purpose is to eliminate, prevent or reduce pollution. State the type of control facility. State permit number, date, and agency issuing permit. A narrative description and a process flow diagram describing the pollution control facility. Include a listing of each major piece of equipment included in the claimed fair cash value for real property. Include an average analysis of the influent and effluent of the control facility stating the collection efficiency.		
	Sec. E	List air contaminants, or water pollution substances released as effluents to the manufacturing processes. List also the final disposal of any contaminants removed from the manufacturing processes. Item (1) - Refers to pollutants and contaminants removed from the process by the pollution control facility. Item (2) - Refers to water pollution but can apply to water-carried wastes from air pollution control facilities. Submit drawings, which clearly show (a) Point(s) of discharge to receiving stream, and (b) Sewers and process piping to and from the control facility. Item (3) - If the collected contaminants are disposed of other than as wastes, state the disposition of the materials, and the value in dollars reclaimed by sale or reuse of the collected substances. State the cost of reclamation and related expense. Item (4) - State the date which the pollution control facility was first placed in service and operated. If not, explain. Item (5) - This information is essential to the certification and assessment actions. This accounting data must be completed to activate project review prior to certification by this Agency.		
	Sec. F	Self-explanatory. Signature must be a corporate authorized signature.		
		Submit to:	Attention:	Attention:
		Illinois EPA P.O. Box 19276 Springfield, IL 62794-9276	Alan Keller Permit Section Division of Water Pollution Control	Donald E. Sutton Permit Section Division of Air Pollution Control



# ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 - (217) 782-3397  
JAMES R. THOMPSON CENTER, 100 WEST RANDOLPH, SUITE 11-300, CHICAGO, IL 60601 - (312) 814-6026

ROD R. BLAGOJEVICH, GOVERNOR    DOUGLAS P. SCOTT, DIRECTOR

## Memorandum

To: Connie Tonsor, Division of Legal Counsel

From: Alan Keller, Manager, Permit Section 

Date:

Re: Dynegy Midwest Generation, Inc. - Havana Power Station  
Recommendation of Tax Certification  
Log # TC-04-06  
Property Identification # 09-11-400-001

---

The Bureau of Water received a request on December 29, 2005, and on February 3, 2006 from Dynegy Midwest Generation, Inc. for an Illinois EPA recommendation regarding the tax certification of water pollution control facilities pursuant to 35 Il. Adm. Code 125.204. We offer the following recommendation.

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

Dynegy Midwest Generation, Inc.  
Havana Power Station  
15260 No. State Rt. 78  
Havana, Illinois 62644

Located in Section 12, T.21N, R.9W in Mason County.

Fly ash and bottom ash (and other miscellaneous low volume wastes) generated from the combustion of coal are sluiced with water to the ash pond system located east of the station. The ash and other particulates are removed from the sluice water by gravity clarification. Clarified sluice waters are pH adjusted and then discharged to the Illinois River.

Cell number 3 is a newly constructed primary ash deposition cell. The bottom and sidewalls of this cell are lined with a 45-mil polypropylene liner and 12 inches of compacted clay.

Page 2  
TC-04-06

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

Based on the information included in this submittal, it is our engineering judgment that the above proposed facilities may be considered "Pollution Control Facilities" under 35

IAC 125.200(a), with the primary purpose of eliminating, preventing, or reducing water pollution, or as otherwise provided in this section, and therefore eligible for tax certification from the Illinois Pollution Control Board. The Bureau of Water therefore recommends that the Board issue the requested tax certification for these facilities.

If you have any questions regarding the above, please contact Darin LeCrone at 217/782-0610.

SAK:DEL:TC0406.doc

cc: Tax Cert File

STATE OF ILLINOIS

COUNTY OF SANGAMON

)  
)  
)  
)  
)

**PROOF OF SERVICE**

I, the undersigned, on oath state that I have served the attached **APPEARANCE AND THE RECOMMENDATION**, upon the person to whom it is directed, by placing a copy in an envelope addressed to:

Dorothy M. Gunn, Clerk  
Illinois Pollution Control Board  
James R. Thompson Center  
100 West Randolph Street, Suite. 11-500  
Chicago, Illinois 60601

Rick Diericz  
2828 North Monroe Street  
Decatur, Illinois 62526

Steve Santarelli  
Illinois Department of Revenue  
101 West Jefferson  
Post Office Box 19033  
Springfield, Illinois 62794

and mailing it from Springfield, Illinois, on February 16, 2007, with sufficient postage affixed for first class mail.

*Cynthia Lewis*

SUBSCRIBED AND SWORN TO BEFORE ME  
This 16<sup>th</sup> day of February, 2007

*Brenda Boehner*  
Notary Public



**THIS FILING IS SUBMITTED ON RECYCLED PAPER**