

ILLINOIS POLLUTION CONTROL BOARD
November 11, 1971

MT. CARMEL PUBLIC UTILITY)
)
) PCB 71-15R
)
ENVIRONMENTAL PROTECTION AGENCY)

Messrs. Albert A. Scriber, Albert A. Barnhard, and Leonard M. Koger, Jr., appearing for Mt. Carmel Public Utility

Mr. Larry R. Eaton, Special Assistant Attorney General, and Mr. Delbert D. Haschemeyer, Attorney, appearing for the Environmental Protection Agency

Opinion of the Board (by Mr. Kissel):

Mt. Carmel Public Utility Company (the "Utility"), a privately owned utility which distributes natural gas and electricity to a service area in and around Mt. Carmel, Illinois, filed a "Motion for Re-Hearing on Petition for Variance" with the Board on July 16, 1971. The Utility sought a re-hearing of a previous case in which the Board denied the Utility's Petition for variance. Mt. Carmel Public Utility Company v. Environmental Protection Agency, PCB 71-15, dated April 14, 1971. The Utility sought permission in that case to use coal-fired boilers over a period of the next ten years, when they will be phased out. The Board denied the request generally on the basis that Board policy is such that one who discharges in excess of the regulations, as was the case with the Utility's emissions from the coal-fired boilers, that person must have a program for the installation of control equipment, where such equipment is technically feasible, before the Board will grant any variances. Apparently, as a result of that decision, the Utility has now come up with a program to halt the emissions from the coal fired boilers. A hearing was held on the Motion for Re-Hearing on September 17, 1971 in Mt. Carmel, Illinois before Medard Narko, Hearing Officer.

The Utility has three coal-fired boilers which are in operation -- Units 1, 4 and 5. In its new plan the Utility proposes to convert Boiler #5 to an oil-fired unit by June 30, 1973, and to burn #2 oil in that converted unit. Boilers #1 and #4 will continue to be used until June of 1974 when an additional transmission line will be installed between the Mt. Carmel facility and a generating station of Central Illinois Public Service Company (CIPSCO). After

that Boilers #1 and #4 will, according to the company plan, be kept on cold standby and will only be used if there is a failure in the Utility's ability to supply power to its customers. The Agency's recommendation given at the hearing was that the Utility be required to begin installation of the conversion of Boiler #5 on October 1, 1972, rather than January 1, 1973, as suggested by the Utility, and that the preliminary work, like piping and installation of a tank, be started immediately.

Since the last hearing, a number of events have occurred, but certainly the one with the most impact on the Utility's operations is the signed contract with the Ayrshire Coal Company which is constructing a coal mine near Keensburg, Illinois. This contract provides that the Utility shall provide the mine with electric power for the next ten years (at least), the present length of the agreement. The mine will be completely constructed by December of 1972 and its need for electrical power will reach 10,000 kilowatts within 18 months after the completion of construction. During the construction period the mine will use about 1500 kilowatts, which will be supplied by the Utility. In order to be able to get the anticipated demand to the mine, the Utility is planning to construct a 69 KV line between the Mt. Carmel station and the Village of Keensburg. This line when completed will be able to deliver the estimated peak demand of the mine which, as stated, is anticipated to be 10,000 kilowatts by the middle of 1974. The Utility already has a 12.4 KV line between the Mt. Carmel station and Keensburg which will be able to deliver the needed electric power to the mine during the construction period. The 69 KV line to Keensburg will be completed by January, 1973 and will cost \$240,000.

In addition to the 69 KV line to Keensburg, the Utility is also planning to construct a 138 KV line from Keensburg to Albion where CIPCo has a generating station. By the addition of this line, which will be completed by June, 1974, the Utility will be able to buy power from CIPCo for all of its customers, including the mine. The Utility has not yet acquired the right-of-way for this line, but it expects completion by 1974 at a total cost of \$260,000. Also, when this line is completed, the Utility says Boilers #1 and #4 will no longer be needed except on an emergency basis ("cold standby").

Presently, the Utility buys power from CIPCo and this is transmitted over a 69 KV between Mt. Carmel and Lawrenceville. This line, plus Boilers #1 and #4, is sufficient to supply the power necessary for the customers (including the mine) of the Utility during the time when Boiler #5 is down for the conversion.

Now, we must look at the program suggested by the Utility. First, the Utility plans to shut Boiler #5 down in January, 1973, for the conversion of that unit from a coal-fired furnace to a boiler which is capable of burning oil and gas. The cost of this conversion will be \$180,000 and will be completed by the Utility's contractor, Babcock and Wilcox, by June 30, 1973. There seems to be no quarrel with the amount of time necessary for the conversion, that is, six months from the time when Boiler #5 is shut down, but the Agency did make the point, and recommendation, that perhaps Boiler #5 could be shut down in October, 1972, rather than January, 1973. The Utility admitted that it could buy sufficient power from CIPCo to replace the amount generated by Boiler #5, but at an increased cost if the power is purchased in October, rather than January. We think the slight cost of buying this power earlier and thereby starting the conversion earlier is worth it. The Utility has, as the previous record points out (and this record does too), been financially successful. Total income for the year ending June 30, 1971, was almost \$180,000. True, there has been a reducing income for the last few years, but the record is also clear that there has been no increase in rates for some time. The Utility can afford the slight cost for buying the additional power earlier so that the people of Mt. Carmel will have three less months of excessive particulates in the air as a result of the coal-fired unit. We will, therefore, require that the Utility shut down Boiler #5 on October 1, 1972 and complete the conversion by March 30, 1973, rather than June 30, 1973.

The second phase of the program is the completion of the 69 KV line between Mt. Carmel and Keensburg. The schedule for completion is January 1973, and this seems from the testimony the best that the Utility can do.

The third phase of the program is the construction of the 138 KV line between Keensburg and Albion, connecting the CIPCo plant to the mine and the Mt. Carmel plant. The line is to be completed by the middle of 1974, which seems a long way off. Since the Utility is committed to the construction of this line, it would seem that they should proceed "post haste" and complete it. We recognize that the right-of-way must be established and that the Utility must work closely with CIPCo in having the line constructed. But we think that it can be built faster and therefore will require that the Utility exercise every effort to complete the line before June of 1974. We will require reports from the Utility to both the Board and the Agency to advise both groups of the progress being made to speed up construction of this line.

The fourth phase of the Utility's program revolves around Boilers #1 and #4. The Utility does not plan to put any control equipment on these two remaining boilers. The plan is to keep them in full operation until the 138 KV line is installed and operating which, the Utility has said, will not be until June, 1974, but which this Board has required the Utility to make every effort to complete earlier. Thus, if the 138 KV line is completed earlier, Boilers #1 and #4 will be taken off the line earlier. We agree that from the testimony Boilers #1 and #4 are necessary to operate until the 138 KV line is completed, which at the latest will be June, 1974. The concern, however, of the Board is the Utility's use of the boilers after the 138 KV line is completed. The Utility plans to keep the boilers on "cold standby" for an indefinite period of time. This means that the boilers will be used in case the Utility does not have adequate power, either produced or purchasable, to supply the demands of its customers. It is possible, then, under the Utility's program that the boilers will be used after June of 1974 without any emission controls. The Utility did state that in 1974 it "may decide" to install control equipment on the boilers. However, this Board feels that if the boilers are to be operated after June 30, 1974, or when the 138 KV line is completed, whichever occurs first, for any reason, including "cold standby", the boilers should be operated so as not to violate the regulations governing the control of air pollution. Based upon previous testimony, this means that control equipment must be installed and operating at that time to reduce the particulate emissions. Thus, we do not prohibit the operation of the boilers after the aforementioned dates, but we do prohibit the illegal operation of those boilers at that time. The Utility has adequate time between now and 1974 to plan for the installation of control equipment if the Utility feels that operation of the boilers, even as reserves, is necessary after 1974.

Thus, the Utility will be granted a variance subject to the conditions detailed above.

One other point must be dealt with. The Utility has consistently taken the position that its boilers do not violate the existing particulate emission standard. We heard this in the first variance case and said that the Utility did, in fact, violate the regulations. Again in this proceeding, the Utility attempted to prove that it was not violating the particulate emission standard. The hearing officer denied the Utility the right to produce such evidence and we agree with the hearing officer's ruling. The Utility had already had its opportunity to raise the question before,

and we disagreed with it at that time. It was not a proper subject of this hearing. The Utility sought a variance so that it could violate the law. If it truly believed that it was not violating the regulations, no variance would be necessary. Apparently, the Utility doesn't want to take a chance.

This opinion constitutes the Board's findings of fact and conclusions of law.

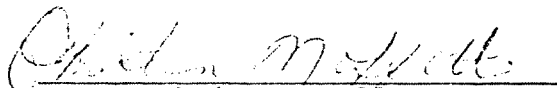
O R D E R

Based upon the testimony and exhibits in the record, the Board hereby orders that the variance requested by the Utility be and is hereby granted from the particulate emission standards and Section 9(a) of the Environmental Protection Act, subject to the following terms and conditions:

1. This variance shall continue for a period of one year from this date. If the Utility wants a continuance of this variance it shall file a petition for renewal of the variance within ninety (90) days prior to the date the variance expires. The Board may authorize a hearing on that supplemental petition and shall make such further order as it deems necessary at that time.
2. The Utility shall proceed with the following program:
 - (a) The Utility shall complete the conversion of Boiler #5 from a coal-fired boiler to a boiler fired by oil and natural gas by March 30, 1973;
 - (b) The Utility shall complete the 69 KV line from Mt. Carmel to Keensburg by January, 1973;
 - (c) The Utility shall exert every effort to complete the 138 KV line from Keensburg to Albion before June, 1974. In that respect the Utility shall file quarterly reports with the Board and the Agency, beginning on December 1, 1971, which reports shall detail the efforts made by the Utility to expedite the completion of the 138 KV line herein described; and

- (d) The Utility shall not operate Boilers #1 and #4 in violation of the particulate regulations after the installation of the 138 KV line referred to in paragraph 4, or June 30, 1974, whichever occurs first.
3. The Utility shall post a bond in a form approved by the Agency to guarantee performance of the conditions of the granting of this variance. Said bond shall be in the amount of \$500,000.
4. Failure to comply with any of the conditions of this variance shall result in the revocation of the grant of this variance.

I, Christan Moffett, Acting Clerk of the Illinois Pollution Control Board, certify that the Board adopted the above Opinion and Order on this 11 day of November, 1971.


Christan Moffett,
Acting Clerk