

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS

DYNEGY MIDWEST GENERATION, INC.)
Mercury Sorbent Trap Monitoring Systems for)
Hennepin Station, Unit Nos. 1 & 2) PCB 14-
) (Tax Certification - Air)
)
PROPERTY IDENTIFICATION NUMBER)
01-27-100-000 or portion thereof)

NOTICE

TO: [Electronic filing]
John Therriault, Clerk
Illinois Pollution Control Board
State of Illinois Center
100 W. Randolph Street, Suite 11-500
Chicago, Illinois 60601

[Service by mail]
Rick Diericx
Dynegy Midwest Generation, Inc.
604 Pierce Boulevard
O'Fallon, Illinois 62269

[Service by mail]
Steve Santarelli
Illinois Department of Revenue
101 West Jefferson
P.O. Box 19033
Springfield, Illinois 62794

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

Respectfully submitted by,

/s/ Robb H. Layman
Robb H. Layman
Assistant Counsel

Date: December 2, 2013

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

**BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS**

| | | |
|---|---|---------------------------|
| DYNEGY MIDWEST GENERATION, INC. |) | |
| Mercury Sorbent Trap Monitoring Systems for |) | |
| Hennepin Station, Unit Nos. 1 & 2 |) | PCB 14- |
| |) | (Tax Certification - Air) |
| |) | |
| PROPERTY IDENTIFICATION NUMBER |) | |
| 01-27-100-000 or portion thereof |) | |

APPEARANCE

I hereby file my Appearance in this proceeding on behalf of the Illinois Environmental Protection Agency.

Respectfully submitted by,

/s/ Robb H. Layman

Robb H. Layman
Assistant Counsel

Date: December 2, 2013

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RECOMMENDATION

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

1. On or about October 20, 2008, the Illinois EPA received an application and supporting information from DYNEGY MIDWEST GENERATION, LLC, (“Dynergy Midwest Gen”) concerning the proposed tax certification of certain air emission sources and/or equipment located at its Hennepin generating station in Putnam County, Illinois. A copy of the application is attached hereto. **[Exhibit A]**. Following a belated discovery that the application had been misplaced, the Illinois EPA’s undersigned attorney sought and obtained verbal confirmation from Dynergy Midwest Gen concerning the continuing need for certification of the subject sources and/or equipment on November 26, 2013.

2. The applicant’s business address is as follows:

Dynergy Midwest Generation, Inc.
604 Pierce Boulevard
O’Fallon, Illinois 62269

3. The facility address is as follows:

Dynegy Midwest Generation
Hennepin Power Station
13498 East 800 Street
Hennepin, Illinois 61327

4. The subject matter of this request consists of two Mercury Sorbent Trap Monitoring Systems, which were constructed and installed by Dynegy Midwest Gen on Unit Nos. 1 and 2, Boiler Nos. 1 and 2, of the Hennepin Station. According to the application, the project was implemented to comply with the requirements of the Illinois mercury rule promulgated by the Board. As generally recognized in the field of air pollution control technology, a sorbent trap monitoring system is designed for automated, continuous sampling of vapor-phase mercury emissions from stationary sources and is an integral part of mercury emissions control.

5. Section 11-10 of the Property Tax Code, 35 ILCS 200/11-10 (2002), defines “pollution control facilities” as:

“any system, method, construction, device or appliance appurtenant thereto, or any portion of any building or equipment, that is designed, constructed, installed or operated for the primary purpose of: (a) eliminating, preventing, or reducing air or water pollution... or (b) treating, pretreating, modifying or disposing of any potential solid, liquid, gaseous pollutant which if released without treatment, pretreatment, modification or disposal might be harmful, detrimental or offensive to human, plant or animal life, or to property.”

6. Pollution control facilities are entitled to preferential tax treatment, as provided by 35 ILCS 200/11-5 (2002).

7. Based on information in the application and the primary purpose of the Mercury Sorbent Trap Monitoring Systems to prevent or reduce air pollution, it is the Illinois EPA’s engineering judgment that the system and related appurtenances may be considered as “pollution

control facilities” in accordance with the statutory definition and consistent with the Board’s regulations at 35 Ill. Adm. Code 125.200. [Exhibit B].

8. Because the information in the application demonstrates that the Mercury Sorbent Trap Monitoring Systems satisfy the aforementioned statutory and regulatory criteria, the Illinois EPA recommends that the Board **issue** the applicant’s requested tax certification.

Respectfully submitted by,

/s/ Robb H. Layman
Robb H. Layman
Assistant Counsel

DATED: December 2, 2013

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

CERTIFICATE OF SERVICE

I hereby certify that on the 2nd day of December, 2013, I electronically filed the following instruments entitled **NOTICE, APPEARANCE** and **RECOMMENDATION** with:

John Therriault, Clerk
Illinois Pollution Control Board
100 West Randolph Street
Suite 11-500
Chicago, Illinois 60601

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

States Postal Service, to:

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

Dynegy Midwest Generation, Inc.
Rick Diericx
604 Pierce Boulevard
O'Fallon, Illinois 62269

/s/ Robb H. Layman

Robb H. Layman
Assistant Counsel

Dynergy Midwest Region Operations
A Division of Dynergy Inc.
604 Pierce Boulevard
O'Fallon, IL 62269

October 14, 2008

Mr. Edwin C. Bakowski, P.E.
Acting Manager, Permit Section
Illinois Environmental Protection Agency
Bureau of Air
1021 N. Grand Ave. East
P.O. Box 19276
Springfield, IL 62794-9276



Mr. Bakowski:

**Applications for Pollution Control Facility Tax Certifications
Hennepin Power Station
Site ID No. 155010AAA**

Dynergy is submitting herein two applications (Form APC-151) for pollution control facility tax certifications for pollution control systems soon to be installed on generating Units 1 and 2 at its Hennepin Power Station. One application is for the activated carbon injection and fabric filter systems to be installed on both units. The other application is for the mercury sorbent trap monitoring equipment to be installed on both units.

These systems are being installed so as to satisfy the terms and conditions of a 2005 Consent Decree between Dynergy, Inc. and the U.S. Department of Justice, and the requirements of the State of Illinois Mercury Rule. A construction permit has previously been issued by the IEPA for the activated carbon injection and fabric filter systems, and that construction permit no. is noted on the enclosed forms.

Feel free to contact me (tel. no. 618-206-5912) or Rick Kelley (tel. no. 618-206-5929) if you have questions regarding the enclosed application forms.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Diericx". The signature is fluid and cursive, written over a white background.

Rick Diericx, Sr. Director
Operations Environmental Compliance

RECEIVED
STATE OF ILLINOIS

OCT 20 2008

Environmental Protection Agency
BUREAU OF AIR

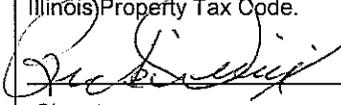
Exhibit A

cc:

- (1) Rick Barton – Suite 306, 133 So. 4th St., Springfield, IL 62701-1232
- (2) Jeremy Sandel/Jon R. Harris - Tax Department; Dynegy Corporate Office; 1000 Louisiana St., Houston, TX 77002
- (3) J. Augspols – Hennepin Power Station; 13498 E. 800th St., Hennepin, IL 61327
- (4) Wendell Watson/Rick Kelley/Tom Davis – Operations Environmental Compliance; O'Fallon, IL Office
- (5) Rick Diericx Reading File – O'Fallon, IL Office

Path

G:\EA\Tax Credit Certifications\Hennepin\State Applications\HE Units 1 and 2; ACI, Mercury Sorbent Traps, and FF Certification Applications to IEPA.doc

| | | | |
|---|---|--|---|
| Sec. E | (1) Nature of Contaminants or Pollutants | | |
| POLLUTION CONTROL FACILITY - CONTAMINANTS | | | Material Retained, Captured or Recovered |
| | Contaminant or Pollutant | DESCRIPTION | DISPOSAL OR USE |
| | Mercury emissions | 90% reduction goal | wet ash disposal facility or offsite landfill |
| | | | |
| | | | |
| ACCOUNTING DATA | (2) Point(s) of Waste Water Discharge | | |
| | Plans and Specifications Attached | | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| | (3) | Are contaminants (or residues) collected by the control facility? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| | (4) | Date installation completed _____ status of installation on date of application | 100% Complete |
| | (5) | a. FAIR CASH VALUE IF CONSIDERED REAL PROPERTY: | \$ 165,930.00 |
| | | b. NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY: | \$ |
| | | c. PRODUCTIVE GROSS ANNUAL INCOME OF CONTROL FACILITY: | \$ |
| | | d. PRODUCTIVE NET ANNUAL INCOME OF CONTROL FACILITY: | \$ |
| | | 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 | | Sr. 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. | | |
| INSTRUCTIONS | 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: Illinois EPA P.O. Box 19276 Springfield, IL 62794-9276 | Attention: Alan Keller Permit Section Division of Water Pollution Control |
| | | | Attention: Donald E. Sutton Permit Section Division of Air Pollution Control |



ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19506, SPRINGFIELD, ILLINOIS 62794-9506 - (217) 782-2113

ROD R. BLAGOJEVICH, GOVERNOR

DOUGLAS P. SCOTT, DIRECTOR

Memorandum

Technical Recommendation for Tax Certification Approval

Date: December 29, 2008

To: Robb Layman

From: Ed Bakowski *EB*

Subject: Dynege Midwest Generation, Inc. TC 08-10-20A

This Agency received a request on October 20, 2008 from Dynege Midwest Generation, Inc.. for an Illinois EPA recommendation regarding tax certification of air pollution control facilities pursuant to 35 Ill. Adm. Code 125.204. I offer the following recommendation.

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

Mercury Sorbent Trap Monitoring Project for Units 1 & 2 which measures the mercury concentrations in the emissions of the manufacturing process and reduces mercury emissions. Because the primary purpose of this system is to reduce or eliminate air pollution, it is certified as a pollution control facility.

This facility is located at 13498 E. 800 Street, Hennepin, Putnam County
The property identification number is 01-27-100-000

Based on the information included in this submittal, it is my engineering judgement that the proposed facility may be considered "Pollution Control Facilities" under 35 IAC 125.200(a), with the primary purpose of eliminating, preventing, or reducing air pollution, or as otherwise provided in this section, and therefore eligible for tax certification from the Illinois Pollution Control Board. Therefore, it is my recommendation that the Board issue the requested tax Certification for this facility.

Exhibit B