

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

DYNEGY MIDWEST GENERATION, INC.)	
PM Collection Devices and Sorbent Injection)	
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

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

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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 new particulate matter (“PM”) Collection Devices (also known as “baghouses”) and two Sorbent Injection 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 fulfill the requirements of a federal consent decree and 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, each of the systems and/or devices is a type of air pollution control that acts to prevent or reduce mercury emissions that would otherwise be emitted by the affected boiler operations.

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 PM Collection Devices and the Sorbent Injection Systems to prevent or reduce air pollution, it is the Illinois EPA’s engineering judgment that the devices/systems 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 PM Collection Devices and the Sorbent Injection 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

1st 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.

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; Dynege 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

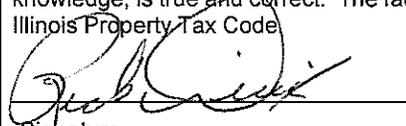
APPLICATION FOR CERTIFICATION (PROPERTY TAX TREATMENT)
 POLLUTION CONTROL FACILITY
 AIR WATER

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 Dynergy Midwest Generation, Inc.			
	Person Authorized to Receive Certification Rick Diericx	Person to Contact for Additional Details Timothy Kelley		
	Street Address 604 Pierce Boulevard		Street Address 604 Pierce Boulevard	
	Municipality, State & Zip Code O'Fallon, IL 62269		Municipality, State & Zip Code O'Fallon, IL 62269	
	Telephone Number (618) 206-5912		Telephone Number (618) 206-5929	
	Location of Facility Quarter Section	Township	Range	Municipality Hennepin
	Street Address 13498 E. 800 Street, Hennepin, IL 61327		County Putnam	Township Hennepin
	Property Identification Number 01-27-100-000		Parcel Number	
Sec. B MANUFACTURING OPERATIONS	Nature of Operations Conducted at the Above Location The facility is Dynergy Midwest Generation's Hennepin Power Station. The station is located on the south bank of the Illinois River at river mile 212. The station is engaged in the generation of electricity from the combustion of coal (SIC Code 4911) in Units 1 and 2.			
	Water Pollution Control Construction Permit No.		Date Issued	
	NPDES PERMIT No. IL0001554	Date Issued April 25, 2002	Expiration Date April 30, 2007 (In Renewal)	
	Air Pollution Control Construction Permit No. 07020036		Date Issued May 29, 2007	
	Air Pollution Control Operating Permit No. 73010752 (Unit 1) and 73010721 (Unit 2)		Date Issued Both Issued September 30, 2002	
Sec. C MANUFACTURING PROCESS	Describe Unit Process The station is engaged in the generation of electricity from the combustion of coal. Powder River Basin Wyoming coal is combusted in two boilers (Boilers #1 and #2). These boilers generate steam which is utilized to turn independent steam turbine/generator sets. The net rated capacity of the station is 280 MW.			
	Materials Used in Process Sub-bituminous coal, Natural Gas, Water and Air.			
Sec. D POLLUTION CONTROL FACILITY DESCRIPTION	Describe Pollution Abatement Control Facility This pollution control project consists of the installation of two new particulate matter (PM) collection devices (baghouses) and two sorbent injection systems to reduce mercury emissions from the respective coal fired boilers. The referenced air pollution control construction permit application, submitted by cover letter dated April 10, 2007, is on file with Illinois EPA and provides further details regarding this pollution control project.			

Sec. E	(1) Nature of Contaminants or Pollutants		
POLLUTION CONTROL FACILITY - CONTAMINANTS		Material Retained, Captured or Recovered	
	Contaminant or Pollutant	DESCRIPTION	DISPOSAL OR USE
	Particulate matter emissions	99% control	wet ash disposal facility or offsite landfill
	Mercury emissions	90% reduction goal	wet ash disposal facility or offsite landfill
	(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 <u>90% Complete</u>		
ACCOUNTING DATA	(5)	a. FAIR CASH VALUE IF CONSIDERED REAL PROPERTY:	\$ 30,150,000.00
		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:	Attention:
		Illinois EPA P.O. Box 19276 Springfield, IL 62794-9276	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: Dynegey Midwest Generation, Inc. TC 08-10-20B

This Agency received a request on October 20, 2008 from Dynegey 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:

Two Particulate Matter Collection Devices(Baghouses), and Two Sorbent Injection Systems which reduces mercury emissions, particulate matter emissions from the coal fired boiler units 1 & 2. Because the primary purpose of these systems are 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