

**BEFORE THE ILLINOIS POLLUTION CONTROL BOARD**

Enbridge Pipelines (Southern Lights), LLC )  
(Property Identification Number ) PCB 014-  
12-29-101-002-0000 ) (Tax Certification  
 ) Water)

**NOTICE**

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

Toby Reese  
Duff & Phelps, LLC  
14850 Quorum Drive, Ste. 500  
Dallas, Texas 75254

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.

ILLINOIS ENVIRONMENTAL PROTECTION  
AGENCY

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

DATED: November 1, 2013

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

Enbridge Pipelines (Southern Lights), LLC )  
(Property Identification Number ) PCB 014-  
12-29-101-002-0000 ) (Tax Certification  
 ) Water)

APPEARANCE

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: November 1, 2013  
Illinois Environmental Protection Agency  
1021 North Grand Avenue East  
Post Office Box 19276  
Springfield, Illinois 62794-9276  
(217)782-5544

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BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

Enbridge Pipelines (Southern Lights), LLC )  
(Property Identification Number ) PCB 014-  
12-29-101-002-0000 ) (Tax Certification  
 ) Water)

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 March 8, 2012, the Illinois EPA received a request from Duff and Phelps, LLC, on behalf of Enbridge Pipelines (Southern Lights), LLC, (log number TC-10-12, 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 applicant's address is: Enbridge Pipelines (Southern Lights), LLC  
15637 West Bruns Road  
Manhattan, Illinois 60442

3. The proposed water pollution control facility in this request is located at the NW ¼ of Section 29, T34N, R11E of the 3<sup>rd</sup> PM in Will County, at the above street address and consists of the following:

The installation of cathodic protection on the product storage tanks.

In its request, the applicant states that cathodic protection prevents corrosion and subsequent leakage and/or spill of petroleum or petroleum products; this is further described in Exhibit A.

4. Section 11-10 of the Property Tax Code, 35 ILCS 200/11-10 (2012), 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

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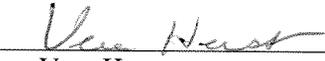
for the primary purpose of: (a) eliminating, preventing, or reducing air or water pollution ...or (b) treating, pretreating, modifying or disposing of any potential solid, liquid or gaseous pollutant which if released without treatment, pretreatment modification or disposal might be harmful, detrimental 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 are not 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 therefore not eligible for tax certification from the Board. Specifically, the Illinois EPA finds that the primary purpose of cathodic protection is to prevent corrosion of product storage tanks to prevent product loss, rather than to eliminate, prevent, or reduce water pollution.

**THIS FILING IS SUBMITTED ON RECYCLED PAPER**

WHEREFORE, the Illinois EPA recommends that the Board deny the  
requested tax certification.

ILLINOIS ENVIRONMENTAL  
PROTECTION AGENCY

By:   
Vera Herst  
Assistant Counsel  
Division of Legal Counsel

Dated: November 1, 2013  
Illinois Environmental Protection Agency  
1021 North Grand Ave. E.  
P.O. Box 19276  
Springfield, Illinois 62794-9276  
217/782-5544

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# ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 • (217)782-2829  
PAT QUINN, GOVERNOR LISA BONNETT, DIRECTOR

## Memorandum

To: Connie Tonsor, Division of Legal Counsel  
From: Alan Keller, Manager, Permit Section *AKK*  
Date: October 30, 2013  
Re: Enbridge Pipelines (Southern Lights), LLC  
Recommendations of Tax Certification  
Log # TC-10-12  
Property Identification Number 12-29-101-002-0000

**RECEIVED**  
Division of Legal Counsel

OCT 31 2013

**Environmental Protection  
Agency**

The Bureau of Water received a request on March 8, 2012 from Duff & Phelps, LLC on behalf of Enbridge Pipelines (Southern Lights), LLC for an Illinois EPA recommendation regarding the tax certification of water pollution control facilities pursuant to 35 Ill. Adm. Code 125.204. We offer the following recommendation.

The water pollution control facilities in these requests include the following:

Enbridge Pipelines (Southern Lights), LLC  
2000 Market Street, Suite 2700  
Philadelphia, PA 19103

Facility Location:  
15637 West Bruns Road  
Manhattan Illinois 60442

NW ¼ of Section 29, T34N, R11E of the 3<sup>rd</sup> P.M., Manhattan Township, in Will County Illinois.

The installation of cathodic protection on the product storage tanks.

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 are not 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. Specifically, the primary purpose of the cathodic protection is to prevent corrosion of product storage tanks to prevent product loss not to eliminate, prevent, or reduce water pollution.

If you have any questions regarding the above, please contact Brian W. Cox at 217/782-0610.

Attachment

SAK:BWC:TC-10-12.docx

cc: Tax Cert File

**Cox, Brian**

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**From:** Miller, Kayla <Kayla.Miller@duffandpHELPS.com>  
**Sent:** Friday, December 14, 2012 10:54 AM  
**To:** Cox, Brian  
**Cc:** Tronsberg Macciocca, Kathryn; Reese, Toby; Ivey, Ryan  
**Subject:** Enbridge Manhattan Terminal Pollution Control Certifications

**Importance:** High

Hi Brian,

Per our discussion on Tuesday, I have received information from Enbridge and compared it with the property tax records we have in our Workpapers for Enbridge's Manhattan Terminal Pollution Control Certification applications. The location of the Manhattan Terminal is as follows:

**Section:** Northwest Quarter of Section 29  
**Township:** 34 North  
**Range:** 11 East of the Third Principal Meridian

Please let me know if you have any questions or if you need any further information in order to recommend the applications for certification to the Pollution Control Board.

Best Regards,

Kayla

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**Kayla Miller**

Senior Associate, Property Tax

T +1 215 430 6043

M +1 215 896 6562

Duff & Phelps, LLC

2000 Market Street

Suite 2700

Philadelphia, PA 19103

kayla.miller@duffandpHELPS.com

www.duffandpHELPS.com

This email is confidential and subject to important disclaimers and conditions, including those regarding confidentiality, legal privilege and certain legal entity disclaimers, available at <http://www.duffandpHELPS.com/disclosure>. Circular 230 Disclosure: Any advice contained in this email (including any attachments unless expressly stated otherwise) is not intended or written to be used, and cannot be used, for purposes of avoiding tax penalties that may be imposed on any taxpayer.

# DUFF & PHELPS

Illinois Environmental Protection Agency  
ATTN: Mr. Al Keller  
P.O. Box 19276  
Springfield, IL 62794-9276

March 6, 2012

Re: Application for Property Tax Treatment for Air Pollution Control Property Located at  
Manhattan Terminal

Dear Mr. Keller:

Enclosed please find one Application For Certification (Property Tax Treatment) Pollution Control Facility (the "Application") for Air Pollution Control Property located at Manhattan Terminal (the "Facility") in Will County, Illinois.

The Application has been prepared pursuant to ILCS Statute § 200/11-5, and includes any necessary information and supporting documentation. Submission of this Application is required as a process step in the Illinois Environmental Protection Agency and Illinois Department of Revenue pollution control certification process for special value treatment of certain assets used in air pollution control capacities at the Facility.

The Application can be summarized as follows:

<u>Description</u>	<u>Fair Cash Value</u>
Cathodic Protection	\$396,118

Please send one copy of the completed property tax certification to the following address:

Ms. Kathryn Tronsberg Macciocca  
Duff & Phelps LLC  
2000 Market Street, Suite 2700  
Philadelphia, PA 19103

Mr. Al Keller

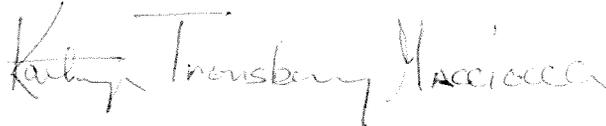
Illinois Environmental Protection Agency

March 6, 2012

Page 2 of 2

If you have any questions regarding the Application or the information supplied within the Application, please contact me, at (215) 430-6059 or by e-mail (kathryn.tronsberg.macciocca@duffandphelps.com) or Mr. Toby Reese at (972) 463-5564 or by e-mail (toby.reese@duffandphelps.com).

Very truly yours,



Kathryn Tronsberg Macciocca

Director

Specialty Tax

Enclosures

cc: Mr. Toby Reese (Duff & Phelps, LLC)

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

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

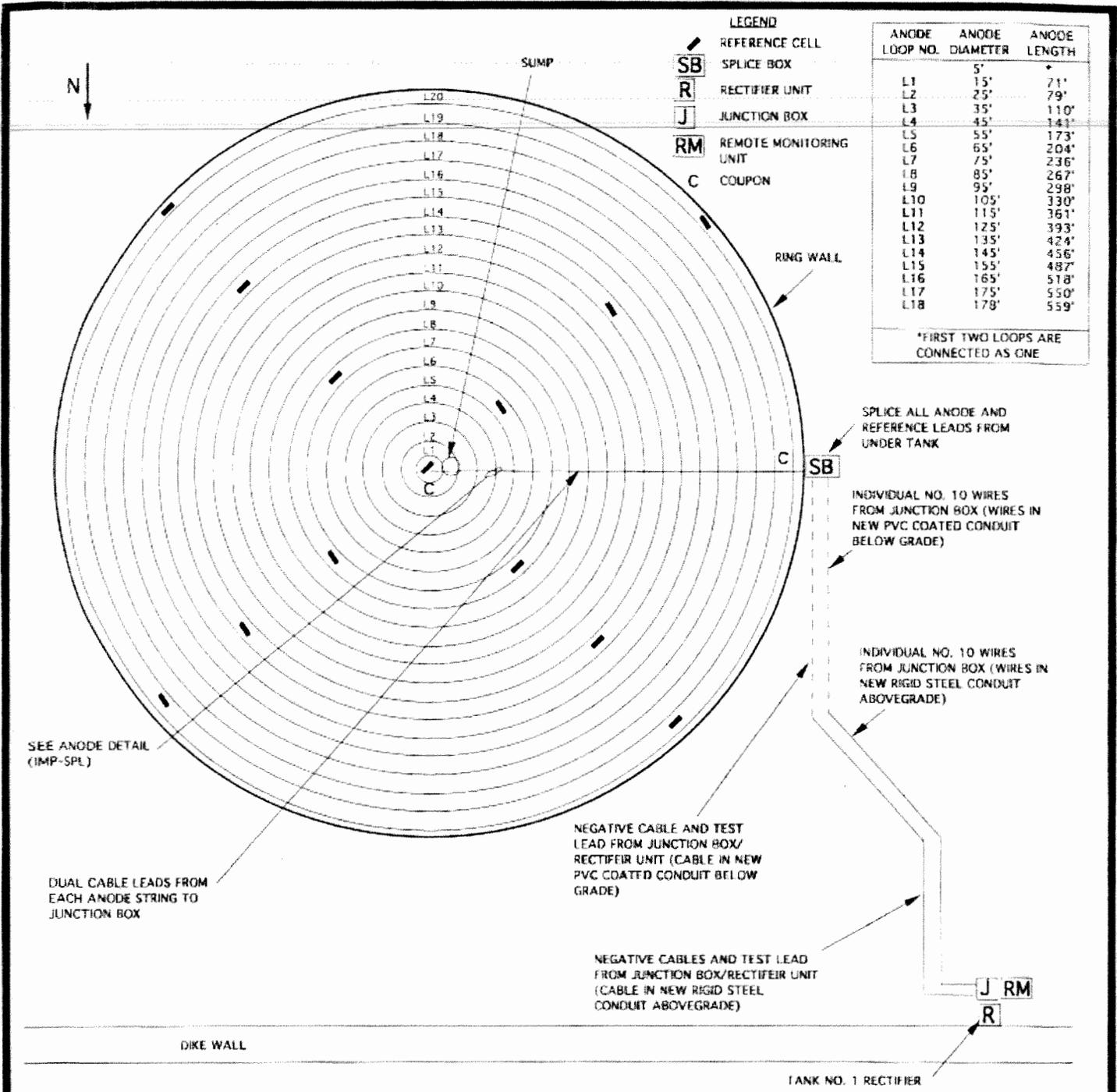
This Agency is authorized to request this information under Illinois Revised Statutes, 1979, Chapter, 120, Section 502a-5. Disclosure of this information is voluntary. However, failure to comply could prevent your application from being processed or could result in denial of your application for certification.

FOR AGENCY USE

File No.	Date Received	Certification No.	Date	
Sec. A  APPLICANT	Company Name Enbridge Pipelines (Southern Lights) L.L.C.			
	Person Authorized to Receive Certification Kathryn Tronsberg C/O Duff and Phelps LLC		Person to Contact for Additional Details Kathryn Tronsberg C/O Duff and Phelps LLC	
	Street Address 2000 Market Street, Suite 2700		Street Address 2000 Market Street, Suite 2700	
	Municipality, State & Zip Code Philadelphia, PA 19103		Municipality, State & Zip Code Philadelphia, PA 19103	
	Telephone Number (215) 430-6059		Telephone Number (215) 430-6059	
	Location of Facility Quarter Section                      Township                      Range		Municipality                      Township	
	29    12    12		Village of Manhattan                      12	
	Street Address 15637 West Bruns Road, Manhattan Il 60442		County                      Book Number 14    101	
	Property Identification Number 12-29-101-002-0000		Parcel Number 14-12-29-101-001-0000	
	Sec. B  MANUFACTURING OPERATIONS	Nature of Operations Conducted at the Above Location Petroleum and Petroleum Product Storage Facility		
Water Pollution Control Construction Permit No. N/A. See Section D for Environmental Requirements		Date Issued		
NPDES PERMIT No. N/A. See Section D for Environmental Requirements		Date Issued                      Expiration Date		
Air Pollution Control Construction Permit No. N/A		Date Issued N/A		
Air Pollution Control Operating Permit No. N/A		Date Issued N/A		
Sec. C  MANUFACTURING PROCESS	Describe Unit Process Cathodic Protection is installed on the tanks to prevent corrosion and subsequent leakage and/or spill of petroleum and/or petroleum products. No manufacturing activities take place at this site.			
	Materials Used in Process Petroleum and Petroleum Products			
Sec. D  POLLUTION CONTROL FACILITY DESCRIPTION	Describe Pollution Abatement Control Facility The Facility installed a Cathodic Protection System that utilizes sacrificial anodes and electrochemical principles to mitigate and/or reduce corrosion of the tanks and associated piping, preventing the inadvertent release of petroleum and petroleum products into surface and ground waters of the State of Illinois. The Facility is regulated by the Department of Transportation Pipeline and Hazardous Material Safety Administration ("PHSMA"). The Cathodic Protection System was installed to meet PHSMA regulations under 49 CFR §195.563(d), which requires that, "bare pipelines, breakout tank areas, and buried pumping station piping must have cathodic protection in places where regulations, in effect before January 28, 2002, required cathodic protection as a result of electrical inspections."			

**RECEIVED**  
ILLINOIS ENVIRONMENTAL PROTECTION AGENCY  
ROW/WPC/PERMIT SECTION

Sec. E	(1) Nature of Contaminants or Pollutants			
	CONTAMINANTS	Material Retained, Captured or Recovered		
		Contaminant or Pollutant	DESCRIPTION	DISPOSAL OR USE
		Leaked and/or Spilled Petroleum	N/A	N/A
	ACCOUNTING DATA	(2) Point(s) of Waste Water Discharge		
		N/A. No Discharge Associated with the Cathodic Protection System		
		Plans and Specifications Attached		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
		(3)	Are contaminants (or residues) collected by the control facility?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
		(4)	Date installation completed <u>06/30/10</u> status of installation on date of application <u>Complete</u>	
(5)		a. FAIR CASH VALUE IF CONSIDERED REAL PROPERTY:	\$ 396,118.00	
	b. NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:	\$ 19,806.00		
	c. PRODUCTIVE GROSS ANNUAL INCOME OF CONTROL FACILITY:	\$ 0.00		
	d. PRODUCTIVE NET ANNUAL INCOME OF CONTROL FACILITY:	\$ 0.00		
	e. PERCENTAGE CONTROL FACILITY BEARS TO WHOLE FACILITY VALUE:	% 1.76		
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 - Tax Services Signature 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:	Attention:	
	Illinois EPA P.O. Box 19276 Springfield, IL 62794-9276	Al Keller Permit Section Division of Water Pollution Control	Donald E. Sutton Permit Section Division of Air Pollution Control	



NOTES: 1. ANODE WIRE TO BE TAPED DOWN TO CLAYMAX EVERY 5 TO 10' USING 3M 3939 DUCT TAPE.

CATHODIC PROTECTION PROPOSED LAYOUT FOR 180' DIAMETER TANK NO. 1 MANHATTAN, ILLINOIS				<b>U.S. TANK PROTECTORS, INC.</b>							
DWN FS			APP	CKD		APP LK	DWG. NO: DATE: 4-30-09		REV: SCALE: N/A		SHEET:

ANODE LOOP NO.	ANODE DIAMETER	ANODE LENGTH
L1	5'	71'
L2	15'	79'
L3	25'	110'
L4	35'	141'
L5	45'	173'
L6	55'	204'
L7	65'	236'
L8	75'	267'
L9	85'	298'
L10	95'	330'
L11	105'	361'
L12	115'	393'
L13	125'	424'
L14	135'	455'
L15	145'	487'
L16	155'	518'
L17	165'	550'
L18	175'	559'

\*FIRST TWO LOOPS ARE CONNECTED AS ONE

**LEGEND**  
 REFERENCE CELL  
**SB** SPLICE BOX  
**R** RECTIFIER UNIT  
**J** JUNCTION BOX  
**RM** REMOTE MONITORING UNIT  
**C** COUPON

SPLICE ALL ANODE AND REFERENCE LEADS FROM UNDER TANK

INDIVIDUAL NO. TO WIRES FROM JUNCTION BOX (WIRES IN NEW PVC COATED CONDUIT BELOW GRADE)

INDIVIDUAL NO. TO WIRES FROM JUNCTION BOX (WIRES IN NEW RIGID STEEL CONDUIT ABOVEGRADE)

NEGATIVE CABLE AND TEST LEAD FROM JUNCTION BOX/RECTIFIER UNIT (CABLE IN NEW PVC COATED CONDUIT BELOW GRADE)

NEGATIVE CABLES AND TEST LEAD FROM JUNCTION BOX/RECTIFIER UNIT (CABLE IN NEW RIGID STEEL CONDUIT ABOVEGRADE)

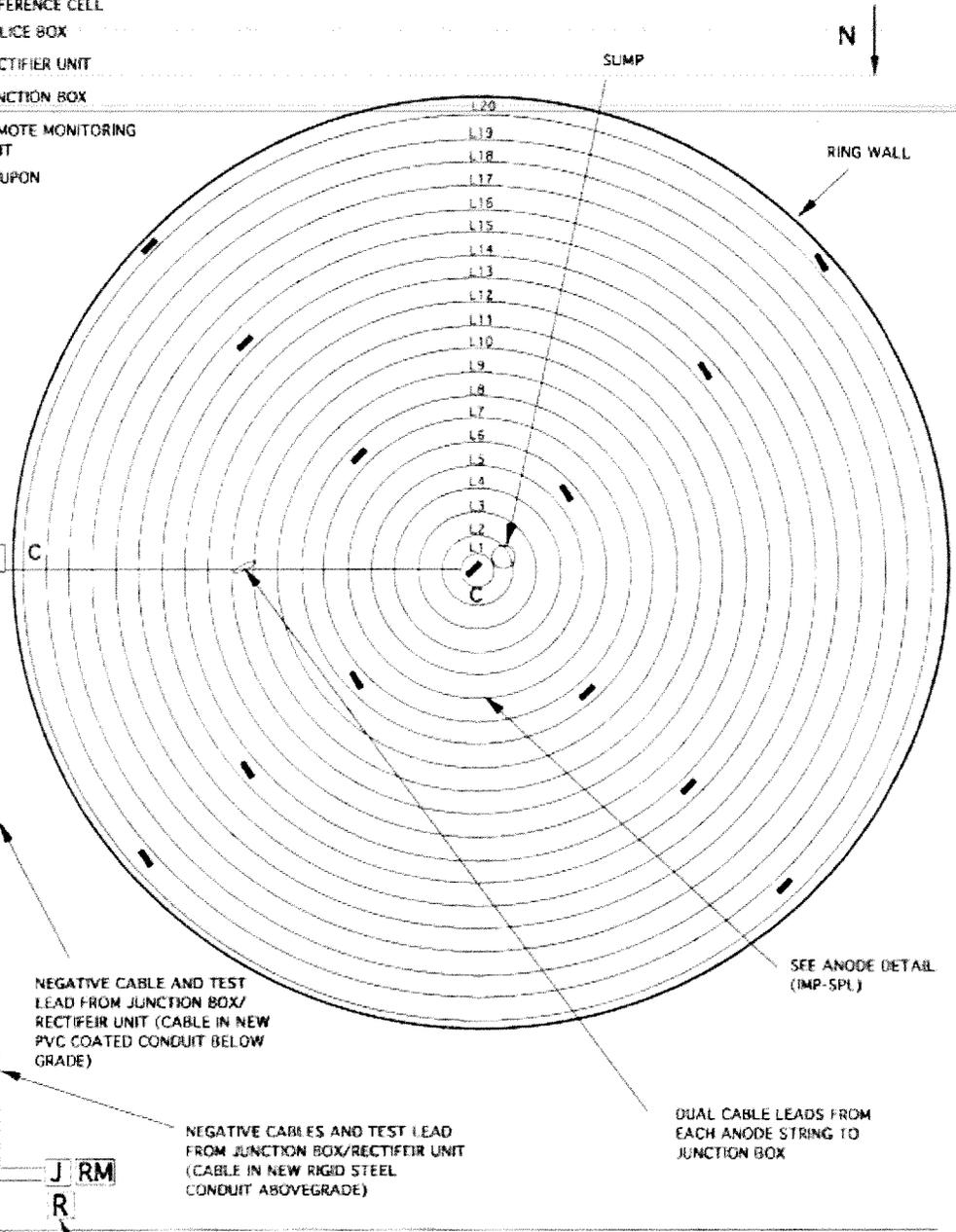
DUAL CABLE LEADS FROM EACH ANODE STRING TO JUNCTION BOX

SEE ANODE DETAIL (IMP-SPL)

DIKE WALL

TANK NO. 2 RECTIFIER

NOTES: 1. ANODE WIRE TO BE TAPED DOWN TO CLAYMAX EVERY 5 TO 10' USING 3M 3939 DUCT TAPE.



CATHODIC PROTECTION PROPOSED LAYOUT FOR 180' DIAMETER TANK NO. 2 MANHATTAN, ILLINOIS				U.S. TANK PROTECTORS, INC.			
DWN FS		APP		CKD		APP LK	
DWG. NO:				REV:			
DATE: 4-30-09		SCALE: N/A		SHEET:			

STATE OF ILLINOIS )

COUNTY OF SANGAMON )

**PROOF OF SERVICE**

I, the undersigned attorney at law, hereby certify that on November 1, 2013, I served true and correct copies of an **APPEARANCE AND THE RECOMMENDATION**, upon the persons and by the methods as follows:

**[1<sup>st</sup> Class U.S. Mail]**

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

**[1<sup>st</sup> Class U.S. Mail]**

Toby Reese  
Duff & Phelps, LLC  
14850 Quorum Drive, Ste. 500  
Dallas, Texas 75254

**[Electronic Filing]**

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

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

/s/ Vera Herst  
Assistant Counsel  
Division of Legal Counsel  
1021 North Grand Avenue East  
P.O. Box 19276-  
Springfield, Illinois 62794-9276  
217.782.5544  
217.782.9143 (TDD)

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