

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

Dynegy Midwest Generation, Inc.)
Refurbishment of the SO2 Flue)
Gas Conditioning System)
Property Identification Number)
01-27-100-00)

RECEIVED
CLERK'S OFFICE

OCT 16 2003

PCB 04-55
(Tax Certification) STATE OF ILLINOIS
Pollution Control Board

NOTICE

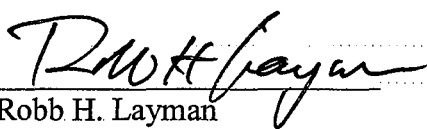
TO: Dorothy Gunn, Clerk
Illinois Pollution Control Board
State of Illinois Center
100 W. Randolph Street, Suite 11-500
Chicago, Illinois 60601

Donna Redmon
Tax Manager
Dynegy Midwest Generation, Inc.
1000 Louisiana, Suite 5800
Houston, Texas 77002

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

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

Date: October 14, 2003


Robb H. Layman
Special Assistant Attorney General
ARDC #6205498

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY
1021 North Grand Avenue East
P.O. Box 19276
Springfield, IL 62794-9276
Telephone: 217/782-5544
Facsimile: 217/782-9807
TDD: 217/782-9143

THIS FILING IS SUBMITTED
ON RECYCLED PAPER

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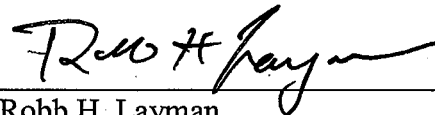
STATE OF ILLINOIS
Pollution Control Board

Dynegy Midwest Generation, Inc.)
Refurbishment of the SO2 Flue)
Gas Conditioning System)
Property Identification Number)
01-27-100-00)

PCB 04-55
(Tax Certification)

APPEARANCE

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



Robb H. Layman
Special Assistant Attorney General
ARDC #6205498

DATED: October 14, 2003

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

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Pollution Control Board

Dynegy Midwest Generation, Inc.)
Refurbishment of the SO2 Flue)
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.....)
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RECOMMENDATION

Now Comes the Illinois Environmental Protection Agency ("Illinois EPA"), through its attorneys, and pursuant to Section 125.204 of the Illinois Pollution Control Board's ("Board") regulations, files the following Recommendation regarding the tax certification of air pollution control facilities pursuant to 35 Ill. Adm. Code 125.204.

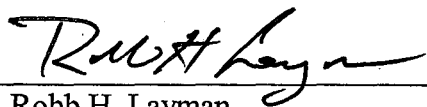
- 1) On April 29, 2003, the Illinois EPA received a request from Dynegy Midwest Generation, Inc. for an Illinois EPA recommendation regarding the tax certification of air pollution control facilities pursuant to 35 Ill. Adm. Code 125.204, and noted the request as log number TC-03-04-29D. (Exhibit A).
- 2) The applicant's address is: Donna Redmon
Tax Manager
Dynegy Midwest Generation, Inc.
1000 Louisiana
Suite 5800
Houston, Texas 77002.
- 3) The air pollution control facilities in this request are located at R.R. #1, Box 200AA, Hennepin, Putnam County and consist of the following:

Refurbishment of the SO2 Flue Gas Conditioning System whose primary purpose

is to control particulate matter emissions. Because the primary purpose of this system is to reduce or eliminate air pollution, it is certified as a pollution control facility.

4. Section 11-10 of the Property Tax Code, 35 ILCS 200/11-10 (2000), 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 (2000).
6. Based on the information in the application and the purpose of the facilities, to prevent, eliminate or reduce air pollution, 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 air pollution, or as otherwise provided in 35 Ill. Adm. Code 125.200. Therefore, the facilities are eligible for tax certification from the Board.
7. Therefore, the Illinois EPA recommends that the Board issue the requested tax certification.

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY,

By: 
Robb H. Layman
Special Assistant Attorney General

Of Counsel:
Charles E. Matoesian
Assistant Counsel

October 14, 2003

1021 North Grand Ave. E.
P.O. Box 19276
Springfield, Illinois 62794-9276
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ENVIRONMENTAL PROTECTION AGENCY		STATE Illinois	
NOTICE OF STATE CERTIFICATION (Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)		WATER OR AIR POLLUTION CONTROL AGENCY OR AUTHORITY Environmental Protection Agency	
<p>It is hereby certified that the control facility described in the attached application is in conformity with State and local programs and requirements for the control of <input type="checkbox"/> water pollution <input checked="" type="checkbox"/> air pollution, as required by section 169 of the Internal Revenue Code of 1954, as amended, and regulations issued thereunder. According to the applicant, this control facility <input checked="" type="checkbox"/> was placed <input type="checkbox"/> will be placed in operation on April 22, 2001, 19</p> <p>In the case of control facility not yet in operation, this notice is certification only that the control facility, if constructed and operated in accordance with the application, will be in conformity with State and local programs or requirements for abatement or control of water or air pollution.</p>			
1. NAME OF APPLICANT Dynergy Midwest Generation, Inc.		2. PERSON AUTHORIZED TO RECEIVE CERTIFICATION Donna Redmon	
ADDRESS (Street, City, State, Zip Code) 2828 North Monroe Street Decatur, IL 62526		TITLE Tax Manager	
		ADDRESS (Street, City, State, Zip Code) 1000 Louisiana, Ste 5800, Houston, TX 77002	
3. DESCRIPTION OF CONTROL FACILITY Refurbishment of Hennepin Power Station flue gas conditioning system to improve the performance of the electrostatic precipitator. The refurbishment includes: • Installation of improved design of injection piping and nozzles.			
4. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code) R. R. #1, Box 200AA, Hennepin, IL 61327		5. RECEIVING BODY OR STREAM OF WATER, IF ANY N/A	
6. USE OF THE CONTROL FACILITY CERTIFIED HEREBY IS IN CONFORMITY WITH THE FOLLOWING APPLICABLE STATE PLAN OR REQUIREMENTS FOR THE CONTROL OF <input type="checkbox"/> WATER POLLUTION <input checked="" type="checkbox"/> AIR POLLUTION. 35 Illinois Administrative Code 212			
ISSUED THIS ___ DAY OF _____ 19__		SIGNED (Official of State Agency)	
STATE CERTIFICATION NUMBER		TITLE	

A

U.S. ENVIRONMENTAL PROTECTION AGENCY
NOTICE OF FEDERAL CERTIFICATION
(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

PLEASE TAKE NOTICE that pursuant to section 169 of the Internal Revenue Code of 1954, as amended, and Part 20 of Title 40 of the Code of Federal Regulations, the control facility identified herein

Is certified

Will, if constructed, reconstructed, acquired, erected, installed and operated in accordance with the accompanying application, be certified

as being in compliance with the applicable regulations of Federal agencies and the general policies of the United States for cooperation with the States in the prevention and abatement of water pollution air pollution under the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.) or the Clean Air Act, as amended (42 U.S.C. 1857 et seq.). This certification is based on facts furnished by the applicant, and is valid for purposes of section 169 only to the extent that such facts are complete and accurate.

1. NAME OF APPLICANT Dynergy Midwest Generation, Inc.		ADDRESS (Street, City, State, Zip Code) 2828 North Monroe Street Decatur, IL 62526	
2. EMPLOYER IDENTIFICATION NUMBER 37-1385459			
3. PERSON AUTHORIZED TO RECEIVE CERTIFICATION:			
NAME Donna Redmon		ADDRESS (Street, City, State, Zip Code) 1000 Louisiana, Ste 5800, Houston, TX 77002	
TITLE Tax Manager			
4. DESCRIPTION OF CONTROL FACILITY Refurbishment of Hennepin Power Station flue gas conditioning system to improve the performance of the electrostatic precipitator. The refurbishment includes: • Installation of improved design of injection piping and nozzles.			
5. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code) R. R. #1, Box 200AA, Hennepin, IL 61327			
6. EFFLUENT DISCHARGED TO N/A			
7. THE CONTROL FACILITY IDENTIFIED HEREIN <input checked="" type="checkbox"/> DOES <input type="checkbox"/> DOES NOT GENERATE PROFITS THROUGH THE RECOVERY AND SALES OF WASTES, OR OTHERWISE.			
8. THE CONTROL FACILITY IDENTIFIED HEREIN <input type="checkbox"/> IS <input checked="" type="checkbox"/> IS NOT A BUILDING THE ONLY FUNCTION OF WHICH IS THE ABATEMENT OR CONTROL OF POLLUTION, AS DETERMINED IN ACCORDANCE WITH SECTION 1.169-2 (2) (i) OF THE INCOME TAX REGULATIONS.			
9. <input type="checkbox"/> A. THE CONTROL FACILITY IDENTIFIED HEREIN IS USED ONLY IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975 <input checked="" type="checkbox"/> B. <u>100</u> % OF THE AMORTIZABLE BASIS OF THE FACILITY IS ALLOCABLE TO ITS USE IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975.			
10. <input checked="" type="checkbox"/> A. THE CONTROL FACILITY PERFORMS NO FUNCTION IN ADDITION TO THE ABATEMENT OR CONTROL OF POLLUTION. <input type="checkbox"/> B. _____ % OF THE AMORTIZABLE BASIS OF THE CONTROL FACILITY IS ALLOCABLE TO THE ABATEMENT OR CONTROL OF POLLUTION.			
ISSUED THIS _____ DAY OF _____, 19 _____		SIGNATURE	
STATE CERTIFICATION NUMBER		TITLE	

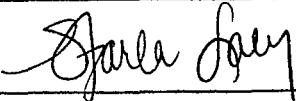
ENVIRONMENTAL PROTECTION AGENCY

APPLICATION FOR CERTIFICATION OF POLLUTION CONTROL FACILITY
(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

NO CERTIFICATION MAY BE MADE UNLESS A COMPLETED APPLICATION FORM HAS BEEN RECEIVED (26 U.S.C. §169; 40 C.F.R. PART 20). IF NO CLAIM OF BUSINESS CONFIDENTIALITY ACCOMPANIES THIS INFORMATION WHEN IT IS RECEIVED BY EPA, IT MAY BE MADE AVAILABLE TO THE PUBLIC BY EPA WITHOUT FURTHER NOTICE. INFORMATION COVERED BY A CLAIM OF CONFIDENTIALITY WILL BE DISCLOSED BY EPA ONLY TO THE EXTENT, AND BY MEANS OF THE PROCEDURES, SET FORTH IN TITLE 40, CODE OF FEDERAL REGULATIONS, PART 2, 41 C.F.R. 26902 et seq., SEPTEMBER 1, 1976.

A BUSINESS CONFIDENTIALITY CLAIM COVERING ALL OR PART OF THE INFORMATION FURNISHED IN OR WITH THIS APPLICATION MAY BE ASSERTED BY PLACING ON (OR ATTACHING TO) THE INFORMATION AT THE TIME IT IS SUBMITTED TO EPA, A COVER SHEET STAMPED OR TYPED LEGEND, OR OTHER SUITABLE FORM OF NOTICE EMPLOYING LANGUAGE SUCH AS "TRADE SECRET," "PROPRIETARY," OR "COMPANY CONFIDENTIAL." ALLEDGEDLY CONFIDENTIAL PORTIONS OF OTHERWISE NON-CONFIDENTIAL DOCUMENTS SHOULD BE CLEARLY IDENTIFIED, AND MAY BE SUBMITTED SEPARATELY TO FACILITATE IDENTIFICATION AND HANDLING BY EPA. IF THE APPLICANT DESIRES CONFIDENTIAL TREATMENT ONLY UNTIL A CERTAIN DATE OR UNTIL THE OCCURRENCE OF A CERTAIN EVENT, THE NOTICE SHOULD SO STATE.

Application is hereby made for certification of the pollution control facility described herein. The following information is submitted in accordance with provisions of Part 20 of Title 40 of the Code of Federal Regulations and to the best of my knowledge and belief is true and correct.

APPLICANT Dynegy Midwest Generation, Inc.	DATE April 22, 2003
SIGNATURE 	STREET ADDRESS, CITY, STATE, ZIP CODE 1000 Louisiana, Ste 5800 Houston, TX 77002
TITLE Director, Environmental	

NOTE: READ ACCOMPANYING INSTRUCTIONS CAREFULLY PRIOR TO COMPLETING FORM.

SECTION A - IDENTITY AND LOCATION OF CONTROL FACILITY			
1. FULL BUSINESS NAME OF APPLICANT Dynege Midwest Generation, Inc.	2. TYPE OF OWNERSHIP <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> OTHER (Describe) <input type="checkbox"/> PARTNERSHIP <input checked="" type="checkbox"/> CORPORATION		
3. PERSON TO CONTACT REGARDING THIS APPLICATION (Name and Title) Starla Lacy, Director, Environmental			TELEPHONE 713-767-8961
ADDRESS (Street, City, State, Zip Code) 1000 Louisiana, Ste 5800, Houston, TX 77002			
4. PERSON AUTHORIZED TO RECEIVE CERTIFICATION (Name and Title) Donna Redmon Tax Manager			
ADDRESS (Street, City, State, Zip Code) 1000 Louisiana, Ste 5800, Houston, TX 77002			
5. BUSINESS NAME OF PLANT (If different from Item 1) (Street, City, State, Zip Code) Hennepin Power Station R. R. #1, Box 200AA, Hennepin, IL 61327			6. APPLICANT'S EMPLOYER IDENTIFICATION NO. 37-1385459
SECTION B - DESCRIPTION OF CONTROL FACILITY			
1. DESCRIBE THE FACILITY FOR WHICH CERTIFICATION IS SOUGHT. INCLUDE TYPE OF EQUIPMENT, MANUFACTURER AND MODEL NUMBER. SUBMIT DESIGN CRITERIA, ENGINEERING REPORT AND/OR PERFORMANCE SPECIFICATIONS WHICH DESCRIBE FUNCTION AND OPERATION OF FACILITY: Refurbishment of Hennepin Power Station flue gas conditioning system to improve the performance of the electrostatic precipitator. The refurbishment includes: • Installation of improved design of injection piping and nozzles.			
2. IS FACILITY IN OPERATION? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	A. IF "YES" DATE FACILITY WAS PLACED IN OPERATION April 2001	B. IF "NO" DATE FACILITY IS EXPECTED TO BE PLACED IN OPERATION	3. IF FACILITY CONSISTS OF A BUILDING, IS IT EXCLUSIVELY FOR CONTROL OF POLLUTION? <input type="checkbox"/> YES <input type="checkbox"/> NO
4. DOES THE FACILITY (installed after December 31, 1975 ONLY) AFFECT THE OPERATING UNIT (of the plant or other property in connection with which the facility is used) MOST DIRECTLY ASSOCIATED WITH THE FACILITY IN ANY OF THE FOLLOWING WAYS? INCREASE THE OUTPUT OR CAPACITY <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO EXTEND THE USEFUL LIFE? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO REDUCE THE TOTAL OPERATING COSTS? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO a. IF THE ANSWER TO ANY OF THE ABOVE IS "YES" IS THE PERCENTAGE BY WHICH THE OPERATING UNIT WAS EFFECTED <input type="checkbox"/> 5% OR <input type="checkbox"/> LESS b. IF NONE OF THE FOREGOING INCREASES, EXTENSIONS, OR REDUCTIONS EXCEEDING 5% STATE THE RATIONALE AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE(S) GIVEN IN RESPONSE TO ITEM 4(a).			
SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY			
1. DESCRIBE PROCESS OR ACTIVITY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED. Electric Generating Unit			
2. STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODE NUMBER 4911			
3. DATE THAT EACH PLANT OR OTHER PROPERTY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED, COMMENCE OPERATION.			
PLANT OR PROPERTY			DATE
A. Hennepin Power Station			Unit 1-June 1953/Unit 2-May 1959
B.			
C.			

