

* * * * * PCB 2006-120 * * * * *

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS

SOUTHERN ILLINOIS POWER COOPERATIVE)
Wet Scrubber System)
)
) PCB 06-
) (Tax Certification)
PROPERTY IDENTIFICATION NUMBER)
10-26-200-002)

NOTICE

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

Richard C. Myott
Southern Illinois Power Coop
11543 Lake of Egypt Road
Marion, Illinois 62959-8500

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 the applicant and a representative of the Illinois Department of Revenue.

Respectfully submitted by,

_____/s/_____
Robb H. Layman
Assistant Counsel

Date: December 30, 2005

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

* * * * * PCB 2006-120 * * * * *

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

SOUTHERN ILLINOIS POWER COOPERATIVE)
Wet Scrubber System)
)
) PCB 06-
) (Tax Certification)
PROPERTY IDENTIFICATION NUMBER)
10-26-200-002)

APPEARANCE

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

Respectfully submitted by,

_____/s/_____
Robb H. Layman
Assistant Counsel

Date: December 30, 2005

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1021 North Grand Avenue East
P.O. Box 19276
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BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS

SOUTHERN ILLINOIS POWER COOPERATIVE)	
Wet Scrubber System)	
)	
)	PCB 06-
)	(Tax Certification)
PROPERTY IDENTIFICATION NUMBER)	
10-26-200-002)	

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. In support thereof, the Illinois EPA states as follows:

1. On August 22, 2005, the Illinois EPA received a request and supporting information from SOUTHERN ILLINOIS POWER COOPERATIVE ("SIPC") concerning the proposed tax certification of certain air emission sources and/or equipment located at its power plant in Williamson County, Illinois. A copy of the relevant portions of the application is attached hereto. **[Exhibit A]**.

2. The applicant's address is as follows:

Southern Illinois Power Cooperative
11543 Lake of Egypt Road
Marion, Illinois 62959-8500

3. The subject matter of this request consists of the Wet Scrubber System that is designed to remove sulfur dioxide from the flue gas of the Unit No. 4 solid fuel

* * * * * PCB 2006-120 * * * * *

coal-fired boiler. The scrubber system enables the facility to use high-sulfur coal and coal fines from locally available sources.

4. Section 11-10 of the Property Tax Code, 35 ILCS 200/11-10 (2004), 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."

5. Pollution control facilities are entitled to preferential tax treatment, as provided by 35 ILCS 200/11-5 (2004).

6. Based on information in the application and the underlying purpose of the Wet Scrubber System to prevent, eliminate or reduce air pollution, it is the Illinois EPA's engineering judgment that the described project and/or equipment 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]**.

7. Because the Wet Scrubber System satisfies the aforementioned criteria, the Illinois EPA recommends that the Board **grant** the applicant's requested tax certification.

* * * * * PCB 2006-120 * * * * *

Respectfully submitted by,

ILLINOIS ENVIRONMENTAL PROTECTION
AGENCY

_____/s/_____
Robb H. Layman
Assistant Counsel

DATED: December 30, 2005

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

* * * * * **PCB 2006-120** * * * * *

CERTIFICATE OF SERVICE

I hereby certify that on the 30th day of December, 2005, I electronically filed the following instruments entitled **NOTICE, APPEARANCE** and **RECOMMENDATION** with:

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

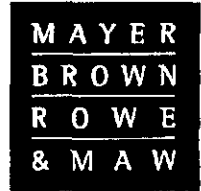
and, further, that I did send a true and correct copy of the same foregoing instruments, by First Class Mail with postage thereon fully paid and deposited into the possession of the United States Postal Service, to:

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

Richard G. Myott
Southern Illinois Power Coop
11543 Lake of Egypt Road
Marion, Illinois 62959-8500

_____/s/_____
Robb H. Layman
Assistant Counsel

*** ** PCB 2006-120 *** **



August 19, 2005

Mayer, Brown, Rowe & Maw LLP
71 South Wacker Drive
Chicago, Illinois 60606-4637

VIA UPS

Main Tel (312) 782-0600
Main Fax (312) 701-7711
www.mayerbrownrowe.com

Mr. Donald E. Sutton
Manager, Permit Section, Bureau of Air
Illinois Environmental Protection Agency
1021 N. Grand Ave. East
Springfield, IL 62794-9276

Patrick J. McNerney
Direct Tel (312) 701-7609
Direct Fax (312) 706-8747
pmcnerney@mayerbrownrowe.com

Re: Southern Illinois Power Cooperative ("SIPC")
Application for Certification of Pollution Control Facility
Wet Scrubber

Dear Mr. Sutton:

Enclosed please find an original Application for Certification of Pollution Control Facility of SIPC's existing Wet Scrubber located at the Marion Power Generating Facility in Marion, Illinois. The Wet Scrubber is a device that is designed and operated primarily to remove Sulfur dioxide ("SO₂") from the flue gas of solid fuel coal-fired generating unit 4 located at the Facility and therefore qualifies as a pollution control device under Section 11-10 of the Property Tax Code (35 ILCS 200/11-10 West 2005).

On behalf of SIPC, we respectfully request that you cause your staff to review the enclosed Application and recommend certification of the Wet Scrubber as a pollution control device to the Illinois Pollution Control Board.

Thank you for your attention to this matter. Please contact me if you need any additional information or documentation to support the enclosed Application.

Very truly yours,

Patrick J. McNerney

RECEIVED

PJM:mg

AUG 22 2005

Enclosure

IEPA - DAPC - SPFLD

cc: Ms. Stephanie L. Oxford

— Exhibit A

* * * * * **PCB 2006-120** * * * * *

SOUTHERN ILLINOIS POWER COOPERATIVE

**Application for Certification (Property Tax Treatment)
Pollution Control Facility**

Wet Scrubber

**Mayer, Brown, Rowe & Maw LLP
71 South Wacker Drive
Chicago, IL 60606**

***** PCB 2006-120 *****

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.

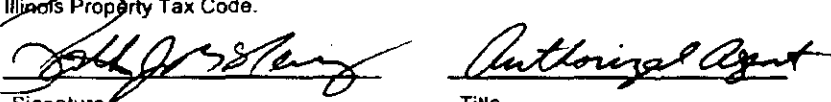
FOR AGENCY USE			
File No.	Date Received	Certification No.	Date
APPLICANT	Sec. A Company Name Southern Illinois Power Cooperative		
	Person Authorized to Receive Certification Mr. Richard G. Myott		Person to Contact for Additional Details Mr. Patrick J. McNerney
	Street Address 11543 Lake of Egypt Road		Street Address 71 S. Wacker Drive
	Municipality, State & Zip Code Marion, IL 62959-8500		Municipality, State & Zip Code Chicago, IL 60606
	Telephone Number (618) 964-1448		Telephone Number (312) 701-7609
	Location of Facility Quarter Section Township Range 26 105 2E		Municipality Township Marion
	Street Address 11543 Lake of Egypt Road		County Book Number Williamson
	Property Identification Number 10-26-200-002		Parcel Number
	MANUFACTURING OPERATIONS	Sec. B Nature of Operations Conducted at the Above Location Southern Illinois Power Cooperative ("SIPC") generates electricity through the process of carbon combustion.	
Water Pollution Control Construction Permit No.		Date Issued	
NPDES PERMIT No.		Date Issued Expiration Date	
Air Pollution Control Construction Permit No. C 4 10 052 (See Exhibit A attached)		Date Issued December 10, 1975	
Air Pollution Control Operating Permit No.		Date Issued	
MANUFACTURING PROCESS	Sec. C Describe Unit Process See narrative description of Unit Process attached as Exhibit B		
	Materials Used in Process		
POLLUTION CONTROL FACILITY DESCRIPTION	Sec. D Describe Pollution Abatement Control Facility See narrative description of Scrubber attached as Exhibit C.		

RECEIVED

AUG 22 2005

IEPA - DAPC - SPFLD

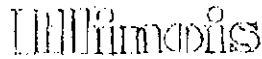
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Sec. E	(1) Nature of Contaminants or Pollutants		
CONTAMINANTS			Material Retained, Captured or Recovered
	Contaminant or Pollutant	DESCRIPTION	DISPOSAL OR USE
	SO ₂		SO ₂ chemically treated and eliminated
	(2) Point(s) of Waste Water Discharge		
	Plans and Specifications Attached		Yes No X
	(3) Are contaminants (or residues) collected by the control facility?		Yes No X
	(4) Date installation completed _____ status of installation on date of application _____		
ACCOUNTING DATA	(5) a. FAIR CASH VALUE IF CONSIDERED REAL PROPERTY:		\$20,000,000*
	b. NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:		\$ 0
	c. PRODUCTIVE GROSS ANNUAL INCOME OF CONTROL FACILITY:		\$ 0
	d. PRODUCTIVE NET ANNUAL INCOME OF CONTROL FACILITY:		\$ 0
	e. PERCENTAGE CONTROL FACILITY BEARS TO WHOLE FACILITY VALUE:		%
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 _____ 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 pollution control facility. Include a listing of each major piece of equipment included in the claimed fair cash value for real property. Include an average 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	Thomas McSwiggin Permit Section Division of Water Pollution Control
			Attention: Donald E. Sutton Permit Section Division of Air Pollution Control


* Completion of this section is not an acknowledgment that the property constitutes real property for ad valorem property tax purposes.

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P. 02/03



Richard H. Briseland, Director



 Environmental Protection Agency


 2200 Churchill Road, Springfield, Illinois 62706

Telephone 217/782-2113

December 10, 1975

SOUTHERN ILLINOIS POWER COOPERATIVE, INC.
Route 4
Marion, Illinois 62959

Attention: Mr. Thomas Clevenger
General Manager



Reference

Application No. - C 4 10 052
I. D. No. - 199 856 AAC #4 STM GN
Received - November 7, 1975
Construction of - Steam-Electric Generating Unit #4
Location - Route 4
Marion, Illinois
County - Williamson

Gentlemen:

Permit is hereby granted to construct the above-referenced equipment.
This permit is granted subject to the following conditions:

1. Standard conditions attached hereto and incorporated herein by reference.
2. The following special condition:
 - a. Within 30 days of commencement of operation, the particulate matter concentrations in the effluent stream shall be measured by an approved independent testing service. The measurements must be conducted using the procedures described in the "Stack Sampling Manual Methods and Procedures," as filed by the Agency, pursuant to the PCB Regs., Chapter 2, Part I, Rule 106(b), with the Secretary of State's Office on June 16, 1975 and as revised from time to time. The results of these tests, in triplicate, will be forwarded to the Agency immediately after the test results are compiled and finalized. The Agency may witness these tests. The Agency's regional office:

Environmental Protection Agency
Division of Air Pollution Control
2209 W. Main Street
Marion, Illinois 62959

is to be notified a minimum of thirty (30) days prior to the expected date of these tests and further notified a minimum

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FAX NO. 16189641867

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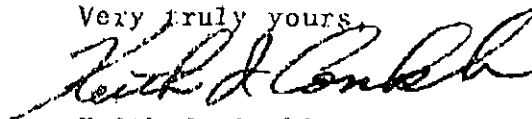
SOUTHERN ILLINOIS POWER COOPERATIVE, INC. -2-

December 10, 1975

of five (5) working days prior to the test of the exact date, time and place of these tests.

Within 30 days of commencement of operation, the sulfur dioxide concentrations in the effluent stream shall be measured, using the procedures described in the Rule 204(g)(1) of Chapter 2, Air Pollution Rules and Regulations of Illinois Pollution Control Board, by an approved independent testing service. The results of these tests, in triplicate, will be forwarded to the Agency immediately after the test results are compiled and finalized. The Agency may witness these tests. The Agency is to be notified a minimum of thirty (30) days prior to the expected date of these tests and further notified a minimum of five (5) working days prior to the test of the exact date, time and place of these tests.

Very truly yours,



Keith J. Conklin, P.E.
Manager, Permit Section
Division of Air Pollution Control

DRD:br

Exhibit B

Section C – Describe Unit Process

The SIPC wet scrubber system was designed and operates to remove sulfur dioxide (SO₂) from the flue gas of SIPC's Unit 4 solid fuel coal-fired boiler. The scrubbing system includes two scrubber modules consisting of a low velocity turning sump, a countercurrent tray absorber, a moisture separator; limestone preparation system (the "Ballmill"), reactant product separation system ("Thickener"), centrifuge, recirculation system ("Reclaim Water") and conveying system for disposal of scrubber slurry. The scrubber allows SIPC to use locally available, high sulfur content coal and coal fines while meeting clean air standards.

Materials Used in Process

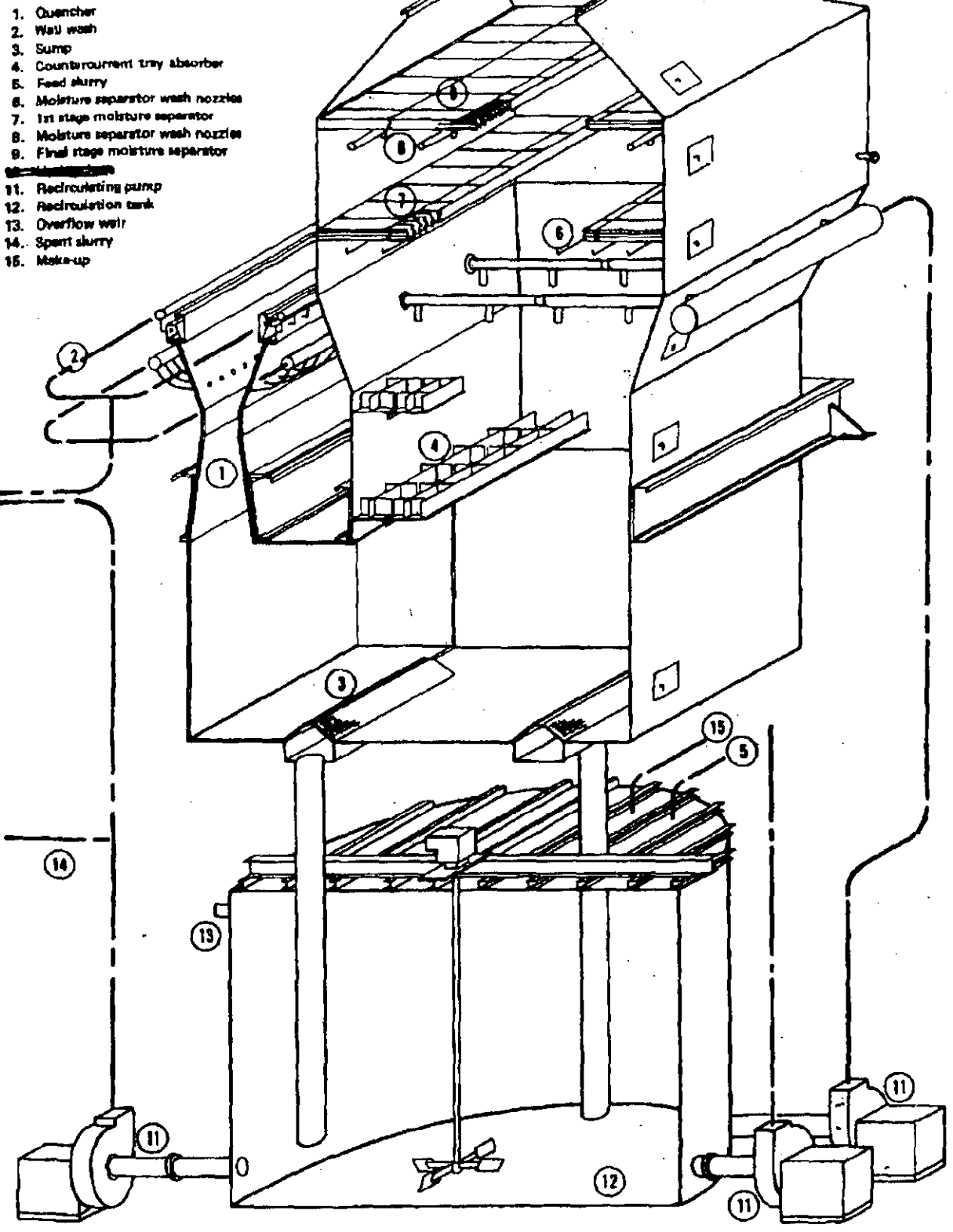
Slurry of limestone, reaction products and water.

Section D – Describe Pollution Abatement Control Facility

Southern Illinois Power Cooperative (“SIPC”) formerly operated four solid fuel coal-fired generating units. SIPC replaced coal-fired units 1-3 with a new Circulating Fluidized Bed Boiler (“CFB”), which was certified as a low sulfur dioxide emission coal fueled device as defined in Title 25, Subtitle A, Chapter 1, Section 125.200(b)(1) of the Illinois Administrative Code and in Section 11-40 of the Illinois Property Tax Code (35 ILCS 200/11-40 West 2005), on January 6, 2005. The remaining solid fuel coal-fired generating unit (“Unit 4”) includes three systems that are designed and utilized primarily to reduce or eliminate emissions of pollutants into the air: (1) a Selective Catalytic Reduction (“SCR”) system on existing Unit 4 to significantly reduce nitrogen oxide (NOx) emissions (associated with acid rain) from the existing steam boiler; (2) a scrubber designed to remove sulfur dioxide (SO₂) from the flue gas of Unit 4; and (3) a B&W Rothemuhle Electrostatic Precipitator (“Precipitator”) designed to reduce and collect dust and ash particles from the flue gas of Unit 4.

Scrubber Overview

The scrubbing system, which was installed in Unit 4, is comprised of two scrubber modules consisting of a low velocity turning sump, a countercurrent tray absorber, a limestone preparation system (the “Ballmill”) reactant product separation system (“Thickener”), centrifuge, recirculation system (“Reclaim Water”), a moisture separator and conveying system for disposal of scrubber slurry. The scrubber uses a slurry of limestone, reaction product, and water to saturate the hot flue gases and provides the first stage of sulfur dioxide removal. The slurry is pumped from a recirculation tank and introduced through a series of spray nozzles. Some of the recirculated slurry is also employed as wall wash on the convergent section to present a wetted wall to the incoming hot flue gas. The saturated gas exits downward from this section and turns through a horizontal low velocity sump. The slurry droplets exit at a relatively high velocity and are separated by inertia in the sump. The flue gas leaving the sump flows up through the countercurrent multi-stage tray absorber where a slurry of fresh limestone, reaction products, and water is introduced at the top of the absorber and flows downward, countercurrent to the gas flow through the slurry retention tray and intimately contacted with the flue gas to remove the sulfur dioxide. After the flue gas leaves the absorber, the scrubbed gas enters an expanded low velocity moisture separator where any entrained droplets are removed. In the moisture separator, the gas first encounters a pre-wash tray that maintains a fresh water froth level on its top surface and serves to dilute the carryover mist and entrap some solid particles. The gas then enters the primary moisture separator, which is a zee shaped chevron made from a re-inforced fiberglass material, in order to remove carryover mist by inertia contact with the sides of the zee. Below the primary moisture separator is a series of headers and spray nozzles which continually spray blend water up to the bottom of the moisture separator, thus providing a wetted surface for initial gas contact at the moisture separator, the purpose of which is to reduce the sticking of solids which may be entrapped in the mist. During this process, a series of spray headers provide an intermittent top spray wash to periodically remove any mucky solids that may have built on the upper part of the moisture separator blades which are not reached by the continuous bottom wash. After leaving the moisture separator, the cleaned gas flows out of the scrubber en route to the stack.



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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: October 27, 2005
To: Robb Layman
From: Don Sutton
Subject: Southern Illinois Power Cooperative TC-05-08-22A

This Agency received a request on August 22, 2005 from Southern Illinois Power Cooperative for a Wet Scrubber System pursuant to 35 Ill. Adm. Code 125.200(b)(1). I offer the following recommendation.

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

The Wet Scrubber System is a device which removes SO₂ from the flue gas of solid fuel coal-fired generating unit 4. Because the primary purpose of this unit is to reduce or eliminate air pollution, it is certified as a pollution control facility.

This facility is located at 11543 Lake of Egypt Rd, Marion
The property identification number is 10-26-200-002

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 —