BEFORE THE ILLINOIS POLLUTION CONTROL BOARD
OF THE STATE OF ILLINOIS

ALLIANCE WOR PROCESSING, LLC Coal Preparation Facility – Dahlgren	)	
	)	PCB 16-
	)	(Tax Certification - Air)
PROPERTY IDENTIFICATION NUMBER 01-031-009-00/01-031-010-00/01-031-013-00	)	

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*]
Justin Eisenhauer
Alliance WOR Processing, LLC
1717 S. Boulder Ave., Suite 400
Tulsa, Oklahoma 74119

[*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: June 17, 2016

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

ALLIANCE WOR PROCESSING, LLC	)	
Coal Preparation Facility – Dahlgren	)	
	)	PCB 16-
	)	(Tax Certification - Air)
PROPERTY IDENTIFICATION NUMBER	)	
01-031-009-00/01-031-010-00/01-031-013-00	)	

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: June 17, 2016

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Coal Preparation Facility – Dahlgren	)	
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	)	(Tax Certification - Air)
PROPERTY IDENTIFICATION NUMBER	)	
01-031-009-00/01-031-010-00/01-031-013-00	)	

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 a **grant** of issuance of a tax certification covering the subject matter of the request. In support thereof, the Illinois EPA states as follows:

1. The Illinois EPA received an application from ALLIANCE WOR PROCESSING, LLC, ("Alliance") on July 6, 2015, concerning the proposed tax certification of certain equipment located at its coal preparation plant located near Dahlgren in Hamilton County, Illinois. A copy of the application is attached hereto as **Exhibit A.**

2. The applicant's principal business address is as follows:

Alliance WOR Processing
1717 S. Boulder Avenue, Suite 400
Tulsa, Oklahoma 74119

3. The facility address is as follows:

Alliance WOR Processing
18031 County Road 500 East
Dahlgren, Illinois 62828-4294

4. The subject matter of this request consists of the installation of numerous separation and washing processes employed in its coal preparation facility. Based on information in the application, the coal preparation facility separates out and/or washes waste, rock and other contaminant materials from run-of-the-mill coal, which ultimately reduces or prevents particulate matter, sulfur and ash-related emissions from the processed coal that is imminently sold to coal-fired power plants for generating electricity.

5. As described by Alliance in the application, the subject matter of this request consists of separation and washing processes that occur in three different stages. *See generally,* Statements 1 and 3 to Exhibit A. The initial stage involves the heavy media cyclone and associated sump, screens, flume boxes and conveyors that remove refuse and non-combustible rock through gravity separation and washing of coal sized at 3 inches by 1 millimeter. *See,* Statement 1 to Exhibit A. In the next stage, an additional cyclone (water only) and spiral concentrators, together with associated sump, screens, conveyors and dewatering equipment, separate out coal sized at 1 millimeter or smaller. *Id.* The final stage involves additional cyclone(s) and screening devices, flotation columns, thickener and other equipment that provide further separation at "approximately 325 mesh." *Id.*

6. The application states that the facility processes result in a typical reduction of "sulfur qualities" of 4.24 percent (pre-washed) to 2.73 percent (post-washed), while a typical reduction of "ash qualities" of 21.51 percent (pre-washed) to 9.52 percent (post-washed). *See,* Exhibit A, Description of the Pollution Control Facility at Statement 2.

7. Pollution control facilities are entitled to preferential tax treatment, as provided by 35 ILCS 200/11-5 (2010).

8. Section 11-10 of the Property Tax Code, 35 ILCS 200/11-10 (2010), 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."

This definition is exceptionally broad in terms of its potential scope, as it can apply to "any system," "any method," "any device," etc., that has its primary purpose focused on combatting or abating pollution. This is consistent with legislative intent to promote a wide array of environmental improvements and to reduce the financial expenditures by those who are making the improvements.[1] Here, the subject equipment is a type of process control or design rather than a traditional end-of-the-pipe control or treatment system.[2] However, the breadth of the definition does not preclude such non-traditional equipment from qualifying as a pollution control facility, a proposition which is supported in case law.[3]

9. The foremost limiting factor in the definition is the primary purpose test and recent tax certification requests involving air pollution control facilities have highlighted the importance of this test. As a rule, courts have held that the test "seeks to determine the function and ultimate objective" of the subject equipment.[4] However, the task of applying this test is not

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[1] *See, Beelman Truck Company v. Cosentino,* 624 N.E.2d 454, 456 (5th Dist. App. Ct. 1993)(legislature's intent when adopting pollution control facility definition in Use Tax Act was "intended to encourage diverse means for reducing pollution"), *citing, Columbia Quarry Co. v. Department of Revenue,* 506 N.E.2d 795 (1987); *see also, Illinois Cereal Mills, Inc., v. Department of Revenue,* 346 N.E.2d 69, 71 (4th Dist. App. Ct. 1976).

[2] From a definitional standpoint, this type of project seems to fall within the area of pollution prevention. While a process control or design does not actually eliminate or reduce pollution at its point of contact, as distinct from end-of-pipe controls, it does act to prevent pollution from occurring at a subsequent stage of use.

[3] *See, Beelman Truck Company v. Cosentino,* 624 N.E.2d at 456 ("Because the language of section 2a is broad... courts have interpreted it broadly").

[4] *See, Beelman Truck Company v. Cosentino*, 624 N.E.2d at 457, *citing, Shred Pax Corp. v. Department of Revenue,* 559 N.E.2d 492, 494 (Ill. App. Ct. 1st Dist.) and *Illinois Cereal Mills, Inc., v. Department of Revenue* at 71.

always straight-forward, particularly where non-traditional equipment is the subject of a request and such equipment assumes a role in both manufacturing and pollution abatement.[5]

10. The Illinois EPA has historically recommended tax certification under the Property Tax Code for pollution prevention and/or process-related projects where they are shown to prevent or reduce air pollution that would otherwise be emitted to the environment. Examples range from in-process modifications designed to reduce or prevent contaminants occurring at a later manufacturing stage[6] to in-process changes in ductwork or waste-streams that allow capture and subsequent reduction or prevention of contaminants.[7] In these types of cases, while the process equipment undoubtedly served a role or function in the manufacturing process, its' predominant feature was that of the abatement or prevention of air contaminants.[8]

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[5] Source reduction and pollution prevention efforts have been at the forefront of technological and regulatory initiatives in the environmental field for at least the last two decades. Such developments have spurred air and water pollution requirements that, rather than reflect command and control, allow sources to choose among various compliance avenues, including manufacturing or process-related changes, to achieve greater reductions in pollutants. As a consequence, the lines between traditional pollution control devices and manufacturing processes have blurred, with some equipment or devices once used exclusively for manufacturing purposes now arguably serving as a separate and equally important means for pollution abatement or prevention. The Property Tax Code is silent in terms of evaluating a pollution control facility possessing such dual purposes. The Board has observed that the Property Tax Code does not "concern itself with whether pollution control is the 'sole purpose' of a particular piece of equipment or facility." *See, WRB Refining v. Illinois EPA,* PCB No. 12-76 (February 2, 2012).

[6] *See, In the matter of Dynegy Midwest Generation, Inc., v. Illinois EPA,* PCB No. 14-49 (December 19, 2013)(installation of agglomerator systems upstream of electrostatic precipitators alter the size of dust particles to improve the latter's power and efficiency); *In the matter of Marathon Ashland Petroleum v. Illinois EPA,* PCB No. 06-99 (January 5, 2006)(Mosc system designed to reduce hazardous air pollutants and sludge during a coking cycle of refinery operations); *In the matter of Equistar Chemicals, LP, v. Illinois EPA,* PCB No. 14-97 (January 23, 2014)(replacement of seal components to compressors).

[7] *See, In the matter of Marathon Petroleum Company, LLC, v. Illinois EPA,* PCB No. 12-06 (July 21, 2011)(modifications to vent or process gas streams, including new vent collection header and compression systems, to reduce hydrogen sulfur emissions from flaring); *In the matter of Marathon Petroleum Company, LLC, v. Illinois EPA,* PCB No 09-58 (February 19, 2009)(new process line directing sulfur dioxide off-gases from a flare system to the catalytic cracking unit); *In the matter of WRB Refining, LLC, v. Illinois EPA,* PCB No. 12-76 (February 2, 2012)(installation of compressors and other process equipment to capture off-gases otherwise flared to the environment, routing them instead to a delayed coker gas recovery facility).

[8] In other examples, the Illinois EPA has recommended tax certification under the Property Tax Code for process-related changes that act to reduce contaminants in feedstocks destined for use by the public or other consumers. These types of projects have arisen in refinery operations and commonly involve in-process changes or equipment that, once constructed and operated, retain a traditional manufacturing (i.e., refining) function. Again, however, a prominent feature of the projects has been an emphasis on reducing the sulfur content of feedstocks (i.e., gasoline, diesel, liquid propane gas) that are destined for consumer use. The Illinois EPA has noted that the driving force

11. In this instance, the coal preparation facility constructed by Alliance is designed to separate and/or wash refuse and non-combustible rock from coal such that a cleaner-burning fuel is available for use by coal-fired power plants, thus removing or preventing air pollution generated at the point of coal combustion.[9] Key processes of the plant, such as the cyclones, spiral concentrators and screening devices, achieve separation of contaminants from run-of-the-mill coal, and thus reduce pollution, by their inherent design. In this regard, the equipment does actually remove or reduce the particulate matter, sulfur and ash-related content of the coal to prevent emissions of the same in the subsequent combustion of the coal.[10] Similar reasoning guided the Illinois EPA's prior supporting recommendations, and the Board's subsequent issuance of certifications, in at least three previous proceedings.[11]

12. Based on information in the application, it is the Illinois EPA's engineering judgment that the various separation and washing processes of the coal preparation facility are part of a system(s), construction(s) or device(s) whose primary purpose is the reduction or prevention of air pollution and therefore may be considered as "pollution control facilities" in

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behind these projects has been the fuel content restrictions adopted by the United States Environmental Protection Agency under Title II of the Clean Air Act, which are aimed at reducing mobile source emissions.

[9] It should be noted that the fact that some of the processes, such as dewatering or the water-only cyclone, employ water as a media for coal separation should not diminish the recognition of this recommendation as addressing air pollution controls.

[10] *Compare, Central Illinois Light Co. v. Department of Revenue,* 784 N.E.2d 442, 446-447 (3rd Dist. App. Ct. 2003)(explaining that the primary purpose of the trucks involved in the *Beelman* decision "was to reduce, control and prevent pollution by *actually removing pollution*"(emphasis added)).

[11] *See, In the matter of Arclar Company, LLC, v. Illinois EPA,* PCB No. 04-95 (December 18, 2003)(certifying coal preparation facilities, including a coal washing process); *In the matter of Black Beauty Coal Company v. Illinois EPA,* PCB No. 04-96 (December 18, 2003)(certifying coal preparation facilities, including a coal washing process); *In the matter of Black Beauty Coal Company v. Illinois EPA,* PCB No. 04-97 (December 18, 2003)(certifying coal preparation facilities, including a coal washing process).

accordance with the statutory definition and consistent with the Board's regulations at 35 Ill. Adm. Code 125.200. **[Exhibit B]**.

13. Because the information in the application demonstrates that the coal preparation facility satisfies the statutory and regulatory criteria, the Illinois EPA recommends the Board **grant** tax certification of the same.

Respectfully submitted by,

/s/ Robb H. Layman

Robb H. Layman
Assistant Counsel

Date: June 17, 2016

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 17th day of June, 2016, 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

Justin Eisenhauer
Alliance WOR Processing, LLC
1717 S. Boulder Ave., Suite 400
Tulsa, Oklahoma 74119

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

Illinois Environmental Protection Agency

1021 North Grand Avenue East • P.O. Box 19276 • Springfield • Illinois • 62794-9276

Application for Certification (Property Tax Treatment)
Pollution Control Facility

FOR AGENCY USE ONLY			
File Number:		Date Rec'd:	
Certification Number:		Date:	

Facility Type (check one): ☑ Air ☐ Water

This form is to be used for any application for certification of property tax treatment for a pollution control facility for air or water from the Illinois EPA. Separate applications must be completed for each control facility claimed. Do not mix types (air and water). Where both air and water operations are related, file two applications.

If attachments are needed, record them consecutively on an index sheet.

You may complete this form online, save a copy locally, print, sign and submit it to:

Illinois EPA
Attention: Ray E. Pilapil, Permit Section
Division of Air Pollution Control
1021 North Grand Avenue East, P.O. Box 19276
Springfield, IL 62794-9276

I. Applicant Information:

Company Name: ALLIANCE WOR PROCESSING, LLC

Person Authorized to Receive Certification	JUSTIN EISENHAUER	Person to Contact for Additional Details	JASON HECK
Street Address:	1717 S BOULDER AVE, SUITE 400	Street Address:	1146 MONARCH ST
City:	TULSA State: OK	City:	LEXINGTON State: KY
Zip:	74119 Phone: 918-295-7650	Zip:	40513 Phone: 859-685-6356
Email Address:	JUSTIN.EISENHAUER@ARLP.COM	Email Address:	JASON.HECK@ARLP.COM

II. Facility Information:

Facility Location: Quarter Section: 14 Township: 4S Range: 5E NOTE: Plat map attached

Municipality: Township:

Note: A plat map location is requested for facilities located outside of municipal boundaries.

Address: 18031 COUNTY ROAD 500 E City: DAHLGREN

State: IL Zip Code: 62828-4294 County: Hamilton Book Number:

Property Index Number: 01-031-009-00 / 01-031-010-00 / 01-031-013-00

Note: The Property Index Number is the numerical reference used to identify a parcel of real property for assessment and taxation purposes.

Manufacturing Operations Information:

Nature of Operations Conducted at the Above Location:

Coal Preparation Processing Plant

Permit Information:

WPC Construction Permit Number:		Date Issued:		
NPDES Permit Number:	IL0078921	Date Issued:	10/19/2010	Exp. Date: 9/30/2015
APC Construction Permit Number:	065803AAC	Date Issued:	5/31/2013	
APC Operating Permit Number:	Application submitted	Date Issued:		Exp. Date:

Note: Submit copies of all relevant permits issued by local pollution control agencies. (e.g. MSD Construction Permit)

This Agency is authorized to request this information under 415 ILCS 5/4(b)(2012). Disclosure of this information is voluntary and no penalties will result from the failure to provide the information. However, the absence of the information could prevent your application from being processed or could result in denial of your application.

IL 532-0222
APC 151 9/2014

Exhibit A

Manufacturing Process Information:

Please provide information on the manufacturing process and materials on which pollution control facility is used, including each major piece of equipment associated with the pollution control facility (or low sulfur dioxide emission coal fueled device).

Description of the Process:

See attached Statement 1

Materials Used in the Process:

Magnetite

Pollution Control Facility Information:

Please provide a narrative description of the pollution control facility (or low sulfur dioxide emission coal fueled device), and an explanation of why its primary purpose is to eliminate, prevent or reduce pollution. State the type of control facility, as well as a narrative description and a process flow diagram describing the pollution control facility. Include an average analysis of the influent and effluent of the control facility stating the collection efficiency, if applicable.

Describe the Pollution Control Facility (or Low Sulfur Dioxide Emission Coal Fueled Device):

See attached Statement 2 and the Alliance WOR Processing, LLC coal preparation plant process flow diagram.

Describe the Primary Purpose of the Pollution Control Facility (or Low Sulfur Dioxide Emission Coal Fueled Device):

See attached Statement 3

Identify the statute or regulation (federal or state), or local ordinance, if any, requiring the installation of the subject pollution control facility (or low sulfur dioxide emission coal fueled device).

Federal EPA 40 CFR 60 and Illinois IAC 35 212

Nature of Contaminants or Pollutants:

List air contaminants or water pollution substances released as effluents to the manufacturing processes. Also list the final disposal of any contaminants removed from the manufacturing processes.

	Material Retained, Captured or Recovered	
Contaminant or Pollutant	Description	Disposal or Use
Particuate Matter (PM)	Fine dust from conveying belts,	PM is suppressed with water and/or covered equipment
	stockpiles, and roadways	
PM10	Fine dust	PM is suppressed with water and/or covered equipment

Note: Contaminant or pollutant means that which is removed from the process by the pollution control facility.

Point(s) of Waste Water Discharge:

Identify the location of the discharge to the receiving stream. This will typically refer to a source of water pollution but can include water-carried wastes from air pollution control facilities.

Plans and Specifications Attached ☐ Yes ☑ No

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.

Are contaminants (or residues) collected by the control facility? ☐ Yes ☑ No

Note: If the collected contaminants are disposed of other than as wastes, state the disposition of the materials, and the value dollars reclaimed by the sale or reuse of the collected substances. State the cost of reclamation and related expense.

Project Status:

Date Installation Completed: Aug 5, 2013

Provide the date the pollution control facility was first placed into service and operated. If not, explain.

August 5th, 2013

Status of installation on date of application:

Active

III. Verification and Signature:

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.

Any person who knowingly makes a false, fictitious, or fraudulent material statement, orally or in writing, to the Illinois EPA commits a Class 4 felony. A second or subsequent offense after conviction is a Class 3 felony. (415 ILCS 5/44(h))

STEPHEN P. FAGG — Printed Name:

VICE PRESIDENT - TAX — Title:

For incorporated entities, signature should be from an authorized corporate representative.

Signature:

May 25, 2015 — Date:

Description of the Manufacturing Process:

The coal preparation plant ("prep plant") consists of three circuits: a heavy media cyclone circuit (3" X 1mm), a water-only cyclone / spiral circuit (1mm X 100 mesh), and a flotation circuit (100 mesh X 325 mesh). The prep plant consists of two (2) 1000 tons per hour (tph) raw circuits. The total prep plant capacity is 2000 tph raw.

The heavy media cyclone circuit includes a heavy media sump which is fed sized coal (3" X 1mm). The heavy media pump will pump media and sized raw coal to the 48" heavy media cyclone, and the heavy media cyclone will make a gravity separation at a specific gravity of approximately 1.55 (specific gravity will be adjusted to meet the coal quality specification provided by the coal mine operator). The heavy media cyclone overflow (clean coal) discharges from the cyclone to the clean coal flume boxes and to the clean coal drain and rinse screens. The clean coal screens separate the coal into two sizes (plus ½" and minus ½"), and remove media from the clean coal before discharging. The plus ½" clean coal is drained and rinsed and discharged as final product onto the clean coal collect conveyor. The minus ½" clean coal is discharged into clean coal centrifuges for additional dewatering. The dewatered coal is discharged onto the clean coal collect conveyor, and the effluent from the clean coal centrifuges discharges to the dilute media sump. The heavy media cyclone underflow (refuse) discharges from the cyclone to the heavy media refuse flume boxes and to the refuse drain-and-rinse screens. The refuse drain-and-rinse screens remove the magnetite from the refuse prior to discharging directly to the refuse collecting conveyor. The media that is drained from the heavy media screens is piped back to the heavy media sump. Media that is rinsed at the drain and rinse screens is piped to a dilute sump and pumped to magnetic separators. The magnetic separators remove the magnetite and return it back to the heavy media sump. The effluent from the separators is reused in the prep plant as process water in the water-only cyclone / spiral circuit. The specific gravity in the heavy media sump is regulated by a magnetite screw and magnetite bin or make-up water.

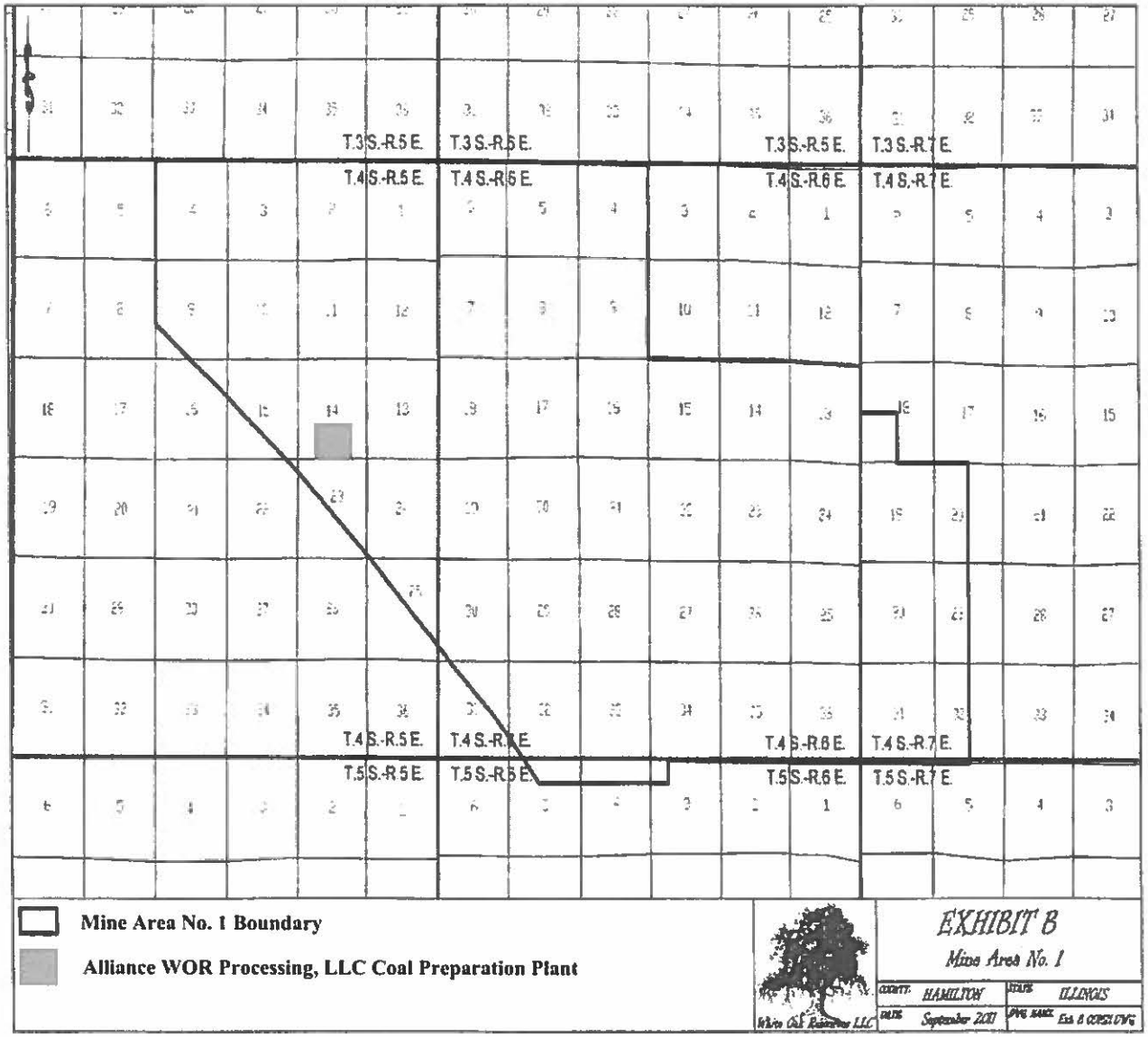
The water-only cyclone / spiral circuit includes a raw coal sump which is fed sized coal (1mm X 0). The raw coal sump will pump water and raw coal to the water only cyclones. The overflow from the water-only cyclones is clean coal, and is piped to a clean coal classifying sump. The underflow is reprocessed using spiral concentrators. The spiral concentrators make three products: refuse, middlings, and clean coal. The clean coal is piped to the clean coal classifying sump. The middlings are piped back to the raw coal sump for reprocessing, and the refuse is piped to a high-frequency refuse screen for dewatering and discharged to the refuse collect conveyor. The clean coal collected in the clean coal classifying sump is pumped to 15" clean coal classifying cyclones. The clean coal classifying cyclones make a size separation of approximately 100 mesh. The underflow of the clean coal classifying cyclone is plus 100 mesh, and is piped to clean coal sieves for dewatering. The dewatered coal is discharged to screen bowl centrifuges for further dewatering. The screen bowl centrate is recycled back to the clean coal sump and the main effluent is piped to the thickener. The overflow of the clean coal classifying cyclones and the water from the clean coal sieves is piped to an ultrafine sump.

The flotation circuit includes the ultrafine sump which is fed sized coal (100 mesh X 0). The ultrafine sump will pump water and the 100 mesh X 0 material to 6" deslime cyclones and make a nominal separation at approximately 325 mesh. The plus 325 mesh (underflow) is discharged and feeds flotation columns. The minus 325 mesh (reject) is discharged and is piped to the thickener. Chemical and air is added to the columns, and clean coal exits the top of the columns and is piped to the screen bowl centrifuges. The refuse from the columns exits the columns and is piped to the thickener. The thickener feed is mixed with anionic and/or cationic chemicals that aid in the settling of the solids. Settled solids are concentrated and fed to the thickener underflow pumps. The thickener underflow pumps will pump the concentrated refuse away to a slurry disposal site provided by the coal mine operator. The clarified water that overflows from the thickener is collected and transferred to a clarified water sump for reuse as process water throughout the prep plant.

Description of the Pollution Control Facility:

The coal preparation plant processes raw underground bituminous coal through the sizing and washing process described in "Statement 1" to reduce certain qualities to a more preferable quality. The processed coal is then sold to coal fired power plants to be burned for electricity. The prep plant uses dense media to separate carbon from non-burning rock. The removal of non-burning rock reduces the amount of sulfur and ash being burned by the power plant. Typical sulfur qualities are reduced from the pre-washed state of 4.24% to a washed quality of 2.73%; a 1.51% reduction. Typical ash qualities are reduced from the pre-washed state of 21.51% to a washed quality of 9.52%; an 11.99% reduction. Typical carbon percentages are increased from the pre-washed state of 61.61% to a washed percentage of 73.49%; an 11.88% increase.

A process flow diagram of the prep plant is attached.


T.3 S.-R.5 E.
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T.3 S.-R.6 E.
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T.4 S.-R.5 E.
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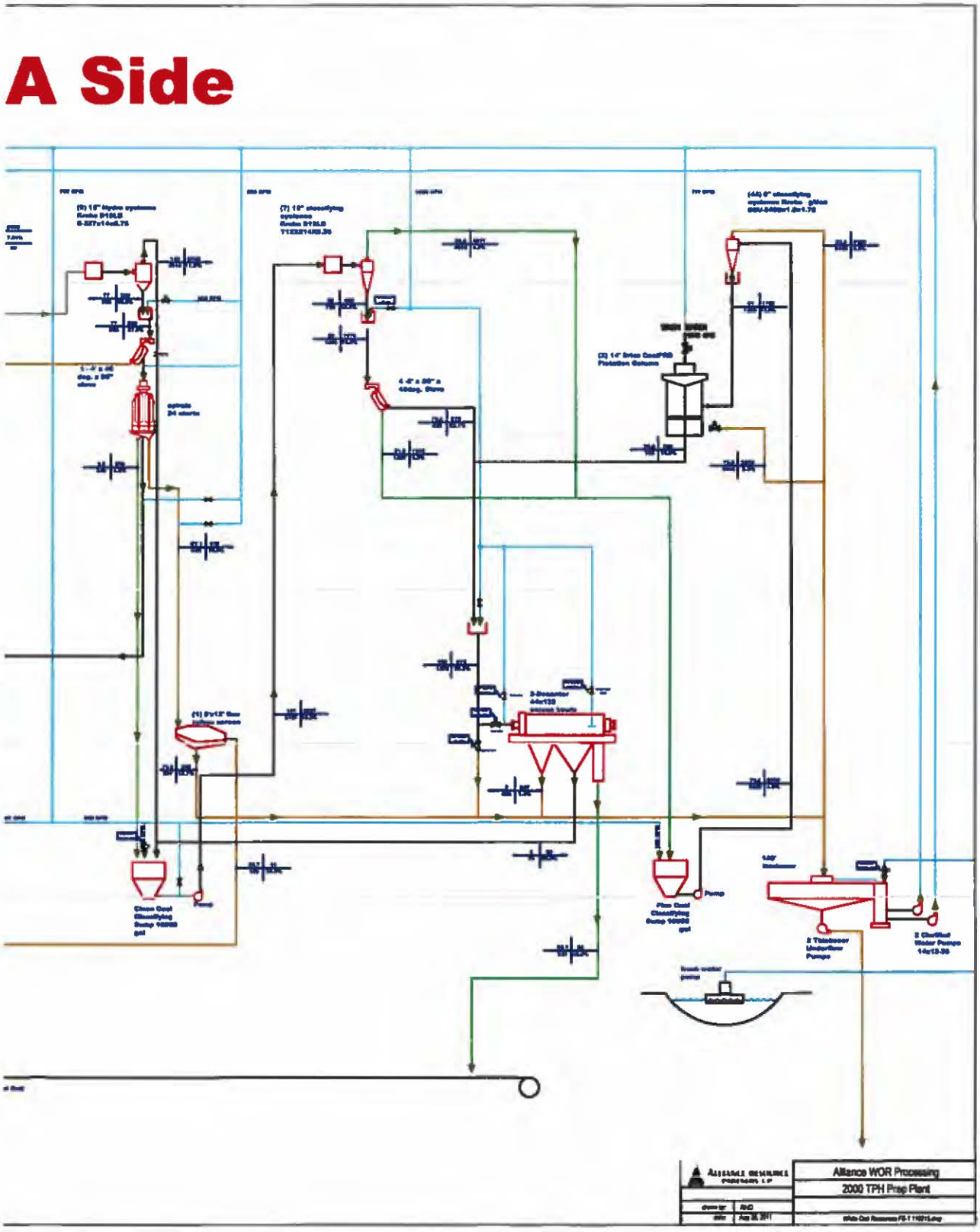
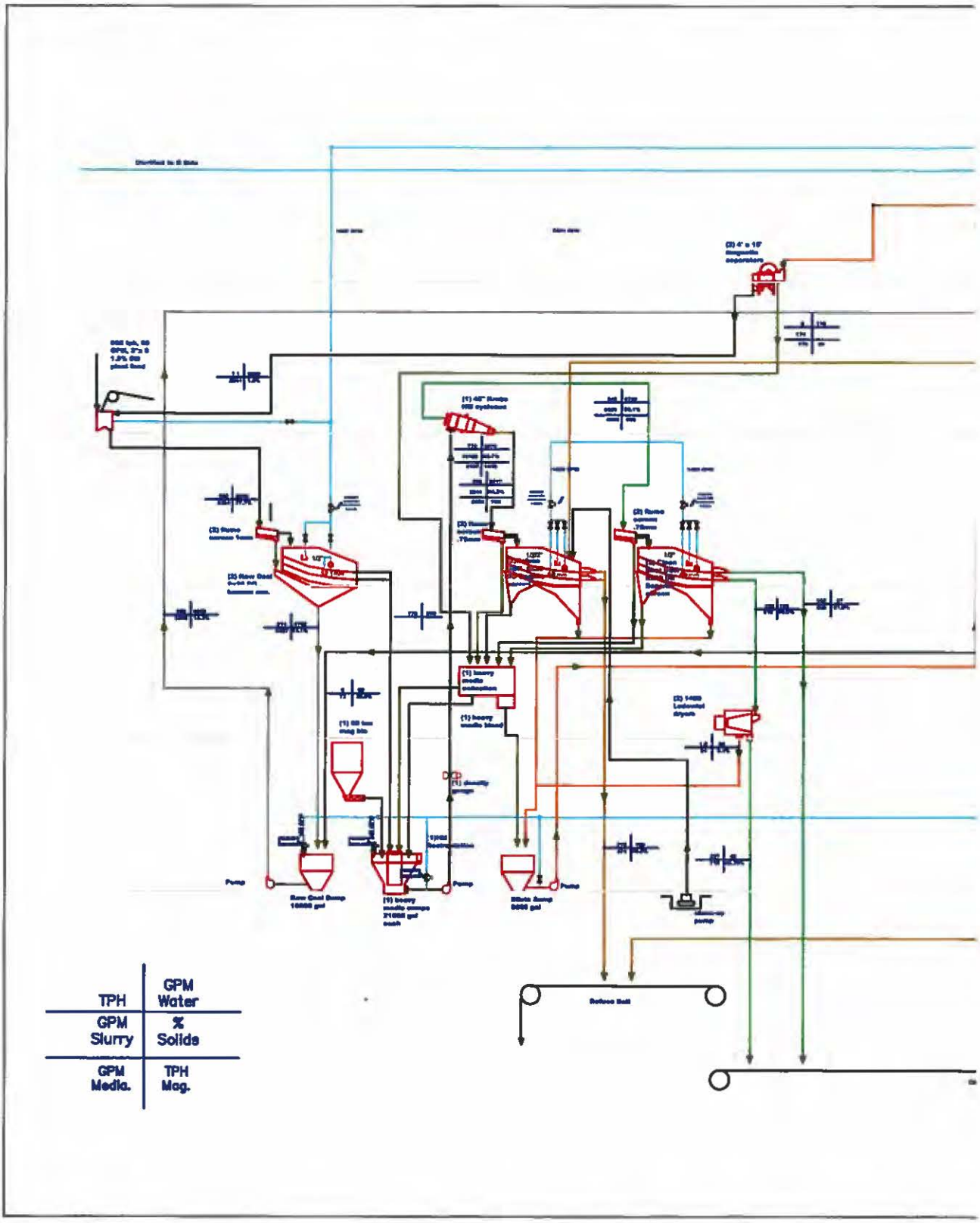
T.5 S.-R.6 E.
T.5 S.-R.7 E.
Mine Area No. 1 Boundary
Alliance WOR Processing, LLC Coal Preparation Plant
EXHIBIT B
Mine Area No. 1
COUNTY: HAMILTON
STATE: ILLINOIS
DATE: September 2001


A Side
Alliance WOR Processing
2000 TPH Prep Plant


TPH
GPM Water
GPM Slurry
% Solids
GPM Media.
TPH Mag.

Primary Purpose of the Pollution Control Facility:

The primary purpose of the prep plant is to remove non-combustible material (refuse) from run-of-mine (ROM) coal and to reduce the ash and sulfur content of the coal prior to being sold to the customer, typically power plants. Primary control is achieved by covered conveyors and enclosed processing buildings. The conveyed coal and refuse also has carry over moisture (approximately 8-12%) and is processed with water. The stockpiles are compacted with bulldozers and there are water sprays for stockpiles as needed. Roadways are either paved or sprayed with a water truck to minimize dust.

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 • (217) 782-3397
BRUCE RAUNER, GOVERNOR LISA BONNETT, DIRECTOR

Memorandum
Technical Recommendation for Tax Certification Approval

Date: June 17, 2016

To: Robb H. Layman, Assistant Counsel, Division of Legal Counsel

From: Raymond E. Pilapil, Manager, Permits Section REP

Subject: Alliance WOR Processing

The Illinois EPA received a request on July 6, 2015, from Alliance WOR Processing for a recommendation regarding tax certification of air pollution control facilities pursuant to 35 Ill. Adm. Code 125.204. The application seeks certification for a coal preparation facility constructed in August 2013. Based on consultations with your staff, the following recommendation for your approval is made:

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

> Various separation and/or washing processes of the coal preparation facility, which remove or reduce particulate matter, sulfur and ash-related content of coal and therefore prevent emissions of the same in the subsequent combustion of the coal by coal-fired power plants. Because these processes are part of a system, construction or device whose primary purpose is to reduce or prevent air pollution, they may be considered as "pollution control facilities."

This facility is located at 18031 County Road 500 East in Dahlgren, Illinois.
The property identification number is Part of 01-031-009-00/01-031-010-00/01-031-013-00.

Based on the information included in this submittal, it is your staff's engineering judgment 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, this memorandum recommends that the Board issue the requested tax certification for this facility.

Exhibit B