BEFORE THE ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

IN THE MATTER OF: PROPOSED ISSUANCE OF A STATE CONSTRUCTION PERMIT FOR CALUMET POWER, LLC, CHICAGO)

REPORT OF PROCEEDINGS taken at the hearing of the above-entitled matter, held at 10001 South Woodlawn Avenue, chicago, Illinois, before Hearing Officer William Seltzer, reported by Janice H. Heinemann, CSR, RDR, CRR, a notary public within and for the County of Du Page and State of Illinois, on the 30th day of August, 2001, commencing at the hour of 7:00 p.m.

APPEARANCES:

MR. WILLIAM SELTZER, IEPA Hearing Officer;

MR. CHRISTOPHER ROMAINE, BOA, Unit Manager, Permit Engineer;

MR. MOHAMED ANANE, BOA, Permit Engineer;

MR. MARK GERBERDING, Community Relations.

I N D E X

MR. SELTZER: Good evening, ladies and gentlemen. My name is Bill Seltzer, and this is In Re the Matter of the Proposed Issuance of a State Construction Permit for Calumet Power, LLC. I am an attorney with the IEPA. I have been asked to be a hearing officer for tonight's hearing, and with me are some other members of the IEPA. They will introduce themselves for the record. After that I'm going to ask that everybody that's present that represents in any way or is associated with the applicant that they stand up and introduce themselves for the record. At that point the IEPA will make a short presentation, and then we will go to the applicant and ask if they have a presentation. If they do, they will offer theirs. And then we will go to the audience and see if there are any comments or questions.

Before we get going, though, the record in this matter will close September 21, which means any written comments that are postmarked by midnight September 21 will become part of this proceeding as will the transcript of these proceedings and any other written comments that the Agency has received since its notice has

been published.

Before we get going, at this point I will ask if there are any questions. If not, we will proceed. We don't have too many people here tonight. So we can kind of be very informal. Are there any questions at this point?

(No response.)

HEARING OFFICER SELTZER: There are none. So, as I said before, I'm Bill Seltzer.

MR. ANANE: My name is Mohamed Anane. I'm a permit engineer with Bureau of Air.

MR. ROMAINE: I'm Chris Romaine, also a permit engineer in the Bureau of Air.

MR. GERBERDING: Mark Gerberding, Illinois EPA Office of Community Relations.

HEARING OFFICER SELTZER: Thanks, Mark.

I wonder if the individuals who represent the applicant could introduce themselves for the record.

MR. JOURAS: I'm Mike Jouras. I'm with Peoples Energy Resource Corporation.

MR. PONDER: Tom Ponder with TRC Environmental working for Exelon.

MR. COLE: Curtis Cole, Peoples Energy

Resources Corporation.

MR. BADEUSZ: John Badeusz, Peoples Energy Resources Corporation.

MR. BURNETT: L.K. Burnett with Exelon Generation.

MR. BELKO: Wayne Belko, Exelon Generation.

MR. BICKLEY: Dane Bickley, Exelon Generation. And I would like to say that there are copies of the presentation that will be made available to anyone who is interested as well as a brochure describing the project at the front table.

HEARING OFFICER SELTZER: The EPA will now proceed with making its presentation.

MR. ANANE: Like I said, my name is Mohamed Anane. I'm a permit engineer in the Bureau of Air. I would like to present you a brief description of this project. Calumet Power has requested a construction permit for an electric power plant in Cook County. This project would be located at 3141 East 96th Street in Chicago.

The proposed facility is designed to function as a peaking power station to generate electricity in peak demand periods and at other times when other power plants are not available due

to scheduled or unexpected outages. Operation of the facility may occur throughout the year, although the facility is expected to run primarily in the summer months.

The proposed project would use up to eight combustion turbines to generate up to about 350 megawatts. Each turbine will have a nominal capacity of about 44 megawatts. So a generator usually is connected to the shaft of each turbine to produce power. The facility will only be using -- burning natural gas, which is the cleanest commercially available fuel. It doesn't contain -- There is not a significant amount of sulfur or ash present as compared to oil or coal.

The principal contaminants emitted from the turbines would be nitrogen oxides and carbon monoxide. Nitrogen oxide is formed when nitrogen and oxygen in the atmosphere combine during the high temperature of combustion. The nitrogen oxides emissions from all the proposed turbine will be controlled with modern combustors. The application indicates maximum nitrogen oxide emissions of 15 parts per million on hourly basis from all the turbines. Carbon monoxide is formed

by the incomplete combustion of fuel. Carbon monoxide is associated with most combustion processes and is found in measurable amounts in turbine exhaust. VOM or volatile organic material and particulate matter are also emitted as a result of incomplete combustion. Emission of this pollutant would also be minimized by the use of modern combustors with which the turbines would be equipped. Sulfur dioxide is only found in a small amount from the combustion of natural gas. This project is not a major source because the permitted emissions of the pollutant from this facility is less than the major source threshold.

For projects that are not major an air quality study is not really required by applicable rules. However, Calumet Power has performed an air quality study to determine the air quality impacts from the project for criteria pollutants other than the ozone.

The analysis shows that the proposed facility would not significantly affect ambient air quality in the vicinity of this facility. This is consistent with the Illinois EPA's experience with other new natural gas-fired power plants.

In summary, the Illinois EPA has reviewed the material submitted by Calumet Power and has determined that the application for the project shows that it will comply with applicable state and federal standards.

We have prepared draft permit for the construction of this power plant that sets out the conditions that we propose to place on the facility to assure continuing compliance. In closing, we welcome any comments or questions on this, on our proposed action.

HEARING OFFICER SELTZER: Thank you.

It's my understanding that the applicant is going to make a presentation this evening. So I will ask that the person making the presentation first identify himself for the record and go ahead and proceed with your presentation.

MR. BURNETTE: I'm L K. Burnette and I will be making the presentation.

(Overhead presentation:)

MR. BURNETTE: I want to thank the Illinois EPA for allowing us to be a part of the hearing and give a brief presentation on what we are now calling the Southeast Chicago Energy Project. The

permit was filed under Calumet Power. This is the name we are using for the general public for the plant. We have already introduced the folks we have with us here from both Exelon, Peoples Energy, and also TRC, so I won't go through that again.

What we are going to cover tonight is I just want to briefly tell you why we are developing the project, what we're developing, what the plant will look like. We want to look at when the project is scheduled, how we will go about completing the project schedule, discuss briefly the environmental impacts -- and we believe they are very minimal -- and the economic and community benefits for this power plant.

First, why we're developing the project. There is significant need for electric power in Chicago during periods of high demands. The Southeast Chicago Energy Project we are targeting to have in service by next summer to help meet the demand for next summer. Just to help put that in perspective a little, in recent years the average increase in the greater Chicago area has been an amount equal to about one Southeast Chicago Energy Project or a little greater than 350

megawatts. And in some years the average increase year to year has been as much as two times the size of our power plant.

The project site is in an ideal location. There is a convenient supply of natural gas contiguous to the site. A very short pipeline will have to be built essentially contiguous to the site. There is a Peoples gate station contiguous to the site where the connection will be made. The ComEd Calumet substation is contiguous to the site. No new transmission lines will have to be built, and it's going to provide a reliable supply of electricity in a place where it's needed inside the City of Chicago where the demand is very significant.

Next, what we are developing. It's an efficient natural gas-fired electric plant that will provide reliable power. It's very quick starting. We can have the facility operating in 15 minutes, the key component of the reliability aspect of this plant.

There will be eight General Electric state-of-the-art combustion turbine generators, 350 megawatts total, dry low NOx emission

technology. It will operate during periods of peak electricity usage, and it's also available year-round during periods of emergencies when other large base load plants have problems and become unavailable unexpectedly.

The use of the land is also consistent with the Calumet area land use plans. It's a brownfield site that has been remediated and it's a very good use of that piece of property.

This is just a schematic that shows one of the General Electric turbine generator sets. This is just a very simple schematic that shows it is a gas turbine used in simple cycle.

This shows the plant site map. It is at 3141 East 96th Street in Chicago. The large white area pretty much in the middle of the page there is where the Peoples Gas gate station is. Directly to your right where you see "site," that's where the units will be. Directly beneath is the existing substation. I will walk up here so everyone can see this. This is the existing ComEd Calumet substation. So no additional facilities will have to be built for transmission. We'll just connect directly to the substation. And also

traffic will come in down here, I was wanting to show that, at 100th Street, which is a major thoroughfare. And we have worked with local elected officials and the community to make sure that that is the best way of getting traffic in and out to the site.

It's very analogous to the use of the peaker plant, it's there when you have an emergency with other equipment. Our project schedule, we are looking to begin construction in October and finish by next May. It's a very aggressive schedule, but we would like to do that and have it in service by next summer, summer of '02, 350 megawatts in service.

How we'll do that, we have got a proven Chicago-based project team that consists of Exelon Generation. Exelon Generation is a subsidiary of Exelon Corporation. And we manage all of the power supply for our affiliates, Commonwealth Edison and PECO Energy. Also in the project team is PERC Power Generation, which is a subsidiary of Peoples Energy. They develop, own and operate power generation facilities. Sargent & Lundy, a world class design engineer, is helping us

with engineering. Graycor, a local company, will be doing construction. And we use skilled union labor for local subcontractors.

Environmental impacts. As was stated earlier, natural gas has the lowest NOx emissions per megawatt of any fossil fuel, roughly 40 times lower than coal. It's the cleanest burning fuel available, and it helps Illinois meet NOx goals.

Inconsequential emissions of sulfur dioxide, particulate matter, carbon monoxide, and volatile organic matter will be emitted from the facility. There is virtually no solid waste impact and very minimal water usage only during periods of operation.

This graph is kind of hard to see because our emissions as a percentage of Cook County total is the very small green on the left. On the right in the blue are all other stationary sources. And you can kind of get a sense from this graph of how inconsequential the emissions from this site are relative to all stationary sources in Cook County.

Temporary construction effects on the local community will be construction workers

driving to the site and deliveries. And as we mentioned, we will be using 100th Street to the site -- to the south of the site which is the preferred location for residents. And we did that to minimize the traffic. There is no significant off-site impacts due to noise, dust, or water; and we will be in compliance with all regulatory requirements.

The expected sound level when we are in operation is significantly lower than state and city requirements. This graphic shows that we will be somewhere between the noise level of an air conditioner at 100 feet and a soft whisper at 15 feet. Now that's at the closest resident from the plant, and we have gone through very conservative modeling to show this.

And the next slide shows some of the extra expenses we have gone to to ensure that we will be lower than state and city requirements for noise. The gas turbine arrangement itself, the turbines will be two lines of four. And one set of the turbines will shield the sound of the second set of turbines relative to where the neighbors, closest neighbors to the plant are. We have

exhaust stack silencers that are designed into the units as an extra piece of equipment to help reduce the noise even further. And we also are putting in a sound barrier wall. I will walk up and point that out. It's a wall both here and here that shields the neighbors that are off south Baltimore Avenue. The wall will be architecturally attractive, and we think it will help make a nice aesthetically pleasing industrial part of the community.

Local employment. There will be 200 approximately construction jobs and about 12 operating and maintenance staff once the plant is completed and goes into commercial operation. Tax revenues for both natural gas taxes and property taxes will estimated to be in excess of $2 million each year.

That's our summary of the Southeast Chicago Energy Project. Again, thank you for allowing us to give a brief presentation.

HEARING OFFICER SELTZER: Thank you.

(Overheads marked as Exhibit No. 1 for identification as of 8/30/01.)

HEARING OFFICER SELTZER: We have marked

for identification purposes the hard copies of the overheads that you used, and the court reporter has marked them as Exhibit No. 1.

You indicated that Calumet is an affiliate of ComEd. Could you expand on that?

MR. BURNETTE: Exelon Generation that I'm a part of is an affiliate of Exelon, a subsidiary of Exelon Corporation, which also owns PECO Energy and Commonwealth Edison. Exelon came about by the merger of PECO Energy and Commonwealth Edison that was completed late last year.

HEARING OFFICER SELTZER: That's Exelon you are talking about, right?

MR. BURNETTE: That's Exelon.

HEARING OFFICER SELTZER: What about Calumet Power?

MR. BURNETTE: Calumet Power is owned by Exelon Generation and Peoples Energy Resources Corporation.

HEARING OFFICER SELTZER: As a subsidiary or as an independent corp.?

MR. BURNETTE: As an independent limited liability corporation.

HEARING OFFICER SELTZER: Okay. Now, you

indicated remediation has taken place on the ground where the facility is going to be built. What was there previously? What caused remediation? If that makes sense.

MR. BURNETTE: I will let John or Tom --

HEARING OFFICER SELTZER: Identify yourself for the record.

MR. BADEUSZ: John Badeusz, Peoples Energy Resources Corporation. The site held a gas holder, essentially held synthetic gas that was manufactured in another location.

HEARING OFFICER SELTZER: It wasn't manufactured on site there?

MR. BADEUSZ: No.

HEARING OFFICER SELTZER: So was there any other remediation around the property that you are going to utilize?

MR. BADEUSZ: The remediation consisted of the demolition of the shell of a gas holder around which there was some environmental contaminants that had leaked from the holder. The remediation also consisted of removal of some underground diesel fuel tanks.

HEARING OFFICER SELTZER: So there were

both above-ground and underground tanks?

MR. BADEUSZ: That's correct.

HEARING OFFICER SELTZER: Anything else?

MR. BADEUSZ: Not to my recollection.

HEARING OFFICER SELTZER: Anything else contiguous to your property that needs remediation or has been remediated?

MR. BADEUSZ: I don't know. If you are referring to the properties that we do not own --

HEARING OFFICER SELTZER: Yes. Contiguous to the property you own if you know.

MR. BADEUSZ: I don't.

HEARING OFFICER SELTZER: Okay. Thank you very much.

We will go to the audience now, and I will call on Ms. Verena Owen.

MS. OWEN: Thank you. I'm Verena Owen. I'm a member of the Lake County Conservation Alliance. The Conservation Alliance is a grass roots organization. We have about 20 smaller groups under us. Actually it's 21. We now have CAPP, which is Citizens Against Peaker Plants, and we also have several hundred individual members. We have been following the peaker plant issue for

about three years now. We got involved when there were 6 proposals we were concerned, and now there are over 60.

I would like to ask, if I may, comments or ask Exelon questions.

HEARING OFFICER SELTZER: Would you be willing to answer questions?

MR. BURNETTE: Certainly. If we are knowledgeable of the question, we would be glad to.

HEARING OFFICER SELTZER: Thank you.

MS. OWEN: Thank you. First of all, I do applaud you for using a brownfield site for this proposal.

The significant demand, we have been following this for quite some time. The generation of Illinois has more than doubled over the last two years, about 30,000 and we added about 28,000. So why is your plant also needed?

MR. BURNETTE: I'm not aware of 28,000 megawatts being added in the last two years.

MS. OWEN: In various stages, either being under construction, permitted, or under review.

MR. BURNETTE: Okay. The city of -- The greater Chicago area demand grows, as I mentioned

earlier, somewhere around 4 to 700 megawatts per year. There are a lot of announcements for plants, but they don't necessarily follow through. We have a concern as an affiliate of Exelon Corp. of making sure the lights are on in Chicago. And we have to rely on other plants that are being built as well as our own plants to ensure that we can supply electricity reliably in Chicago.

MS. OWEN: So will you guarantee that the electricity that will be produced in this plant will stay in the Chicago area?

MR. BURNETTE: We cannot guarantee that, but economically we wouldn't build this plant here if we didn't absolutely need to. It's much more expensive to develop a plant in an urban area. We estimate the cost of developing this plant in the Chicago area over a rural area to be about $30 million. That's a significant cost to take on if you are not going to use the power in that area.

MS. OWEN: You mentioned that this is the cleanest burning fuel, and I agree. However, you are not going to take any coal plants off line by constructing this plant. So when you said that this will help to meet the clean air standards in

Illinois, that is not true, you are adding to the problem.

MR. BURNETTE: You may want to let some of our other environmental experts speak, but these plants are more efficient than some other peakers that currently run.

MS. OWEN: What is your efficiency?

MR. BURNETTE: The heat rate of these units are on the order of 11,000 Btu's per megawatt hour.

MS. OWEN: Do you have a percentage for efficiency since I don't know the words very well?

MR. BURNETTE: I don't have offhand, but these are much more efficient than current peakers that are used in the market.

MS. OWEN: Which current peakers are you referring to?

MR. BURNETTE: I don't have the names of those. There are some that are contiguous to this plant site, but these are much more efficient than those peakers.

MS. OWEN: But you don't know either number for efficiency, either your plant or the other plant's?

MR. BURNETTE: I'm not sure of the

efficiency of that plant. Somewhere on the order of heat rate of I'm going to estimate 20 to 30 percent greater than our plant, which means it's that much less efficient.

Does anyone want to elaborate?

MR. PONDER: I think the peakers that are adjacent have a heat rate close to 20,000 and their emission rate is about 10 times as high as this per kilowatt hour or per megawatt hour. Yes, per megawatt.

MS. OWEN: Are these your peakers, the ones you just talked about?

MR. BURNETTE: No, they are not.

MR. PONDER: They are not.

MS. OWEN: Do you know what are they called?

MR. PONDER: They belong to Midwest Generation, and we believe they are still called the Calumet Peaking Station.

MS. OWEN: You spoke about sound and resonance. How far away will this be from the nearest residential boundary?

MR. BELKO: I think if you were to look at the four units and the four units on that, you can

see it on that drawing over there.

MS. OWEN: Yes. I think it's in my handout.

MR. BELKO: If you would put the geometric center, it's about 900 feet, 850 to 900 feet I believe.

MS. OWEN: Did you do a sound study?

MR. BELKO: Yes, ma'am, we did. We used a sound model, but it's adopted by the state of New York Power Plant Siting Board; and we conducted it in a conservative manner. We did not take any credit for noise attenuation associated with changes in land contours or structures between the sources and the residents. We used the manufacturer's numbers, which we know to be conservative. And once it was demonstrated we would be outside or noncompliance with the daytime standard, we added silencers to the stack to take care of the higher components, and then for the lower components we installed -- we are going to install a 30-foot wall. The combination of both of them will bring in all the noise levels less than all the applicable standards for each octave band.

MS. OWEN: Daytime or nighttime standard?

MR. BELKO: Daytime standard.

MS. OWEN: Can you meet nighttime standards?

MR. BELKO: We are going to conduct another study to see how many units we could run and comply with the nighttime standard, but we have not done that. Primarily these are designed to work -- operate during the day. So they are being built to comply with the daytime standard for the whole company for the eight units; but if one or two can comply with the nighttime standard, that may be a consideration after 10 o'clock at night.

MS. OWEN: I have been to quite a few of these presentations and most companies do take pride in the fact that they can meet nighttime standards, and you apparently cannot yet.

MR. BELKO: Well, there is not a lot of distance here.

MS. OWEN: I understand that. 900 feet from the nearest residents is not a lot of distance but that doesn't mean those people don't deserve protection.

MR. BELKO: They are not being designed to operate at night. I said the full complement of

eight units will not be operating during the night time.

MR. BURNETTE: Very seldom will they run as late as 10 p.m. just economically the way these machines are.

MS. OWEN: You guys tell me this and I do believe you, but in general we have heard that these will go on when there is a problem with another power plant. That could be in the middle of the night.

MR. BURNETTE: It could be but it would be highly unlikely. In that case, we would not exceed the noise regulations.

MS. OWEN: When you did the noise study, did you measure the ambient background noise?

MR. BELKO: No, we did not. That particular area is near the Skyway, it's near a railroad, and adjacent to it there is I believe it's a metal recycler. There is a lot of industrial noise there already.

MS. OWEN: Yes. I just asked if you did an ambient noise study.

MR. BELKO: No, we didn't.

MS. OWEN: You did not. So you don't know

if you will be the prevailing noise even if there is a freeway and a recycler next door, it could be?

MR. BELKO: I honestly can't answer that, but we can get that answered for you.

MS. OWEN: Well, this gentleman over there had his hand up. Directing traffic.

MR. BADEUSZ: I'm John Badeusz for Peoples Energy Resource Corporation. I just wanted to add to the question about whether there was a sound study performed to measure the ambient noise. The reason why Wayne said no is that he did not do it. In a previous version in the development of this project, Peoples Energy did undertake ambient noise measurements.

MS. OWEN: And what were the results?

MR. BADEUSZ: I don't -- I can't recite the results but if you had a specific question about the results maybe I can.

MS. OWEN: Yes. What was the ambient background noise in decibels?

MR. BADEUSZ: It was measured in the various octave bands.

MS. OWEN: Let's talk octave bands then.

MR. BADEUSZ: I don't know what those are

specifically.

MS. OWEN: So there is a study but you weren't aware of it. You have the study?

MR. BADEUSZ: No. I think you asked if there were sound measurements of ambient noise.

MS. OWEN: Ambient background information.

MR. BADEUSZ: And the answer to that question is yes.

MS. OWEN: But you can't tell me the results?

MR. BADEUSZ: I don't recollect. I can't give them accurately so I don't want to --

MS. OWEN: Okay.

MR. BADEUSZ: But I will add that it is a very loud site and again the sources are the Chicago Skyway, traffic on the Chicago Skyway.

MS. OWEN: I understand, but there are still people living there.

MR. BADEUSZ: Correct.

HEARING OFFICER SELTZER: I'm going to interrupt now.

MS. OWEN: Yes.

HEARING OFFICER SELTZER: Mrs. Owens, as know, we are going far afield now.

MS. OWEN: Fine. I'm done. I was done and then the gentleman brought this other point up. So thank you.

I think my next question is to you, the Hearing Officer. I would like to ask your assurance that there will again be established the right procedure that will be followed in this project, that we'll have public notice and a public hearing and a comment period and time to review the comments so we don't issue the final permit the day after public comment closes, and we will have a Responsiveness Summary in conjunction with the final permit. Do you think that is reasonable?

HEARING OFFICER SELTZER: I think that's very reasonable, and I will do my best to make sure the Agency meets all of its responsibilities.

MS. OWEN: Thank you. Which brings me to the Responsiveness Summary, Mr. Romaine, the Flora Responsiveness Summary. That was ten weeks ago, but I was assured that the six months overdue Responsiveness Summary would be issued very soon.

MR. ROMAINE: We are working on that.

MS. OWEN: No. I'm sorry, that is no longer good enough.

MR. ROMAINE: Well, that's all I can tell you. That's obviously not the subject of this hearing. We have a lot of projects going on, and we have to juggle a lot of things to keep things moving.

MS. OWEN: Would you tell me then who I can turn to if I'm unhappy with your performance of your duties?

MR. ROMAINE: You can turn to my boss, Mr. Donald Sutton.

HEARING OFFICER SELTZER: Let's move on to something else now.

MS. OWEN: Yes. Thank you.

When I FOIA information, Mr. Hearing Officer, what do you think would be the minimum that should be in my FOIA request?

HEARING OFFICER SELTZER: I didn't hear your question.

MS. OWEN: When I FOIA information from your Agency, what do you think should be the minimum I should receive in my FOIA request?

HEARING OFFICER SELTZER: I don't know how to answer that question because --

MS. OWEN: Well, there is, obviously, an

application, which I got. In this particular one, I have encountered difficulties all along. Sometimes the air modeling is missing, sometimes this is missing. In this case, the project summary was missing. Just for your information it's still not working right. I don't see what the problem is to send out a proper FOIA request from your Agency, but I don't seem to be able even after two years to do it without a snafu.

And you don't -- It's just a piece of information. I did get the project summary. I had to make a long distance phone call to Brad, and he faxed it to me, but it should not be necessary.

HEARING OFFICER SELTZER: If you would call me, and I know you have my telephone number, maybe the applicable thing to do is to put your FOIA request through the legal division. And we have people that take care of that. And I don't know if they have been doing it in this case or if --

MS. OWEN: I don't think so.

HEARING OFFICER SELTZER: Or if community relations has been doing it.

MS. OWEN: I address my FOIA request as I'm supposed to.

HEARING OFFICER SELTZER: Why don't you go ahead and also call me when you make a FOIA request, and we can put one of our paralegals on it.

MS. OWEN: Thank you. And I did get the project summary, and I just want to make the following remark because I complained in the past that the parts per million belong in the permit, and I was told they always show up in the project summary. And guess what, they don't in this one. So could somebody tell me what the parts per million are, please, in this permit or should we get to that when we get to the permit?

MR. ANANE: What's the question?

MS. OWEN: Maybe I'll stand up. Is that better?

MR. ANANE: Yes.

MS. OWEN: Thank you. I asked what the parts per million were for NOx in this proposal because the number was neither in the permit nor the project summary.

MR. ANANE: 15 parts per million on an hourly basis for all the eight of them.

MS. OWEN: Thank you. This is from the air

quality analysis on page 5. On the bottom of the page, it says, Model input source parameters. And it says the operating loads for the SCCTs range from the lowest anticipated load of 75 percent to a maximum load of 100 percent. However, in the permit you have peak mode of 101 percent. That was not addressed in the air model.

MR. ANANE: It says it's peak mode. What's --

MS. OWEN: What is peak mode then?

MR. ANANE: It's 100 percent.

MS. OWEN: Is that your answer?

MR. ANANE: Yes.

MR. ROMAINE: Wait. No. I guess peak mode is really an overfiring of the turbine. It's I guess an ability to get additional power out of a turbine by running it beyond the manufacturer's normally recommended rate. It's not recommended for long periods of time. But it's a feature that turbines do have, and some permits are written to accommodate that.

In terms of what happens, as we understand it, it does result in higher levels of

NOx emissions. In terms of NOx emissions, NOx is addressed with an annual air quality standard so that the consideration of a few hours of higher NOx emissions is not something that needs to be specifically addressed outside of the annual modeling. This issue of load ranges is critical or important. I shouldn't say critical given the results, but it's important for CO and SO2 where there are short-term emission rates. That's where those phenomena become more important.

MR. ANANE: And it's really explained what it means in the permit, the peak mode.

MS. OWEN: Yes, I know. I do understand that.

MR. ANANE: Okay.

MS. OWEN: That was not my question.

Page 6. In the first paragraph it says, "Table 32 presents the actual emission rates used in the dispersion model. The annualized emission rate was used in the modeling to predict the annualized impacts. The annualized emission rates for each emission unit is a ratio of the maximum annual hours of use per year of operation for the emission units divided by the total annual

hours."

I was under the impression that an air model is supposed to be conservative and use the model of 8,760 hours of operation and not the percentage off what the turbines will actually run.

MR. ROMAINE: In terms of annual modeling, this is an acceptable approach. It is a standard approach to dealing with coming up with a projected annual impact for something that will not operate year-round.

MS. OWEN: But it's not a conservative approach?

MR. ROMAINE: It is conservative. It is not as conservative as it would be if you assumed that it was operating at 7060 hours.

MS. OWEN: Which are --

MR. ROMAINE: Obviously, if you wanted to do that, you could simply multiply the results times 8760 divided by 30,000 or 3,040, which would come up with the results that would be about three times higher.

MS. OWEN: Yes, but there are other companies who have chosen to be the much more conservative route.

On page 15, Start-up information. It says it was conservatively assumed that the three CCTs should start up in one hour period. Sorry. Basically they say our conservative approach is that no more than three will start up in one hour. Wouldn't conservative be to have all eight start up in an hour?

MR. ROMAINE: That would be even more conservative.

MS. OWEN: So apparently there are grades of conservatism?

MR. ROMAINE: Certainly.

MS. OWEN: And I can just multiply this I know.

Page 18. I always have the same question, and I'm never sure that I understand the answer. I always ask which sources were included, why were they included, is there a distance that it has to be included. And you said we leave this up to the applicant was your last answer because I asked this in Elgin.

Did you in this case, too, leave it up to the applicant? And I would like to ask Mr. Seltzer, who is the lawyer, aren't there rules

to be followed? Can we really leave this up to the applicant of what sources they include in the air modeling?

HEARING OFFICER SELTZER: My answer is I'm not familiar enough with the specific regulations they have to look to. You might know the answer. You might have looked at them.

MS. OWEN: No, I do not. I don't even know the regulations. I rely on Mr. Romaine's answers when I bring this up at hearings.

HEARING OFFICER SELTZER: I'm not familiar enough with the regulation to know that it might specifically demand it. If it does specifically demand it, then that requirement has to be met.

MS. OWEN: Is there a requirement, Mr. Romaine?

MR. ROMAINE: There is no requirement for any modeling to be conducted for this facility.

MS. OWEN: I understand that. But since they do, what are the requirements for this modeling?

MR. ROMAINE: Then it's simply a matter of us working with the applicant to determine what is a reasonable approach to the modeling exercise. In

this facility, we believed it was appropriate to look at the nearby Calumet peaking station that is, in fact, very close to the facility. And we also required that they include the Calumet Energy Team that is about two miles away from the site. So the cumulative modeling results in addition to the proposed plant also considered those other power facilities.

MS. OWEN: Did you include Chicago Heights Recovery?

MR. ROMAINE: No.

MS. OWEN: The Bloom peaker?

MR. ROMAINE: No.

MS. OWEN: Any facilities in Indiana?

MR. ROMAINE: No. Well, let me back up on that. We did not specifically include them by modeling. To the extent that we included representative ambient air data, worst case data, again, of certain interpretation, from Cicero or Blue Island, then it's quite possible that some of those sources in the area were considered. In fact, there may be some double counting between actually modeling the Calumet power station as well as including it in background monitoring data.

Now, given the nature of Calumet power station, I don't really think that's the case in that circumstance because it's a peaking station. It probably hasn't run anywhere near what was evaluated in terms of the permitting or the modeling evaluation. But in terms of other types of facilities in the area, those would be considered through the background monitoring data that was used.

MS. OWEN: As I said, I never understand the answer to this question. Sometimes it's within 10 miles, 25k, two miles in this case. I just think there should be some logical boundary.

Could we have a -- Could we just have a minimum requirement for type size? I can't read this with or without my glasses.

MR. ROMAINE: What is that from?

MR. ANANE: The last page.

MS. OWEN: I am not sure. This is from the air model, and it says -- I don't know. Source description, and that's about all I can read and that's the headline.

HEARING OFFICER SELTZER: You are taking that from -- Where is that from?

MS. OWEN: That was from the -- (indicating) -- should be on the back of the page.

HEARING OFFICER SELTZER: Part of the draft permit?

MS. OWEN: Don't look for it. You can't read it anyway.

HEARING OFFICER SELTZER: Is it part of the draft permit?

MS. OWEN: Yes, it was. Otherwise where would I have gotten it from?

HEARING OFFICER SELTZER: No, it is not part of the draft permit?

MR. ANANE: No.

HEARING OFFICER SELTZER: You say it is part of the draft permit?

MR. ANANE: Application for permit.

MS. OWEN: This is what I got from your Agency.

HEARING OFFICER SELTZER: Wait. One person at a time.

MS. OWEN: Yes. Let him answer that.

MR. ANANE: You mean the permit, no. Maybe in the application in the air quality maybe.

MS. OWEN: Yes. I'm sorry. Did I say

permit? No. I meant application. It came in my package.

MR. ROMAINE: Oh. Is that a document that was received pursuant to your FOIA request?

MS. OWEN: Uh-huh.

MR. ROMAINE: Could that document be a large print that has been reduced to size?

MS. OWEN: I don't know. You can have it.

MR. PONDER: I know what it is. It's the data from Illinois EPA that says what the emissions are from the nearby sources. And it's been reduced so it would fit on a page.

MS. OWEN: Thank you.

HEARING OFFICER SELTZER: Can we send Ms. Owens a copy that hasn't been reduced?

MS. OWEN: Not necessary because Mr. Romaine was kind enough when he talked about the air modeling to repeat the sources. It must be those two because I can see there is two, I just didn't know which one.

This is the permit application. Who owns the other Calumet plant?

MR. ROMAINE: That's Midwest Generation. So it used to be owned by Commonwealth Edison. But

when Commonwealth Edison sold off all their fossil fuel-fired power plants, they sold off both the coal-fired plants and the peaking stations to Midwest Generation. Do I have that right?

MR. BURNETTE: There is another plant, the Calumet -- the Wisvest project.

MS. OWEN: Who owns that?

MR. BURNETTE: Wisvest, which is a subsidiary of one of the Wisconsin utilities, Wisconsin Electric.

MS. OWEN: Oh, Wisvest. Okay. Because I was thinking common control between the two projects, but you don't own this anymore even through subsidiaries. This is not your project?

MR. BURNETTE: No.

MS. OWEN: I'm sorry. I'm addressing these gentlemen. The applicant submitted two applications, one on April 20 and one on May 14. It was obviously a revision because suddenly emissions were lower and they were allowed to consume more gas. There was no data available for me to see how this happened. Would you explain that to me?

MR. ANANE: Repeat that question, please.

MS. OWEN: They originally submit an application April 20 and then a revision on May 14. There is differences in the emissions numbers and the amount of gas they will be using between those two applications.

MR. ANANE: Yes.

MS. OWEN: Why?

MR. ANANE: They forgot to divide by four.

MS. OWEN: Divide what by four?

MR. ANANE: The natural gas usage because they had --

MS. OWEN: For what?

MR. ANANE: I think I -- Do you remember I talked to you about it one time, about the natural gas usage? You had like nine --

MS. OWEN: It went from 6,861 million whatever to 9,004.

MR. ANANE: Yes. It was four times higher.

MS. OWEN: No, it was not.

MR. ANANE: Yes, it was. In the first application, yes.

MS. OWEN: Well, I have two applications. Which one do you call the first one? Maybe we have the dates wrong.

MR. ANANE: Okay.

MS. OWEN: If you have more than two, I again didn't get everything I FOIA'd.

MR. PONDER: I can answer the question if you want.

MS. OWEN: I would rather have him.

MR. PONDER: Well, I --

HEARING OFFICER SELTZER: Wait. No.

MR. ANANE: It says here 472 million, isn't it?

MS. OWEN: Are you reading from an application?

MR. ANANE: In peak mode. I have to find it somewhere. Next time I will be more better prepared I guess for you. I have the one on April 19, 2001, says 6,861 million.

MS. OWEN: Standard cubic feet.

MR. ANANE: Yes, standard cubic feet.

MS. OWEN: Right. That was the April 19 or 20th one. Now, on May 14 and in the draft permit it is suddenly 9,004.

MR. ANANE: You want to go ahead and answer that?

HEARING OFFICER SELTZER: Just a minute.

MR. ANANE: I don't know what --

HEARING OFFICER SELTZER: We are operating on the Agency's draft permit and apparently we don't have the answer, is that correct, here at this hearing?

MR. ANANE: No, I don't.

HEARING OFFICER SELTZER: Okay. Obviously, in the Responsiveness Summary the Agency will have to respond to that.

MS. OWEN: Thank you.

HEARING OFFICER SELTZER: Now, sir, if you wish to make a comment on this issue, please identify yourself and do so.

MS. OWEN: Can he do this maybe after I'm done talking, sir?

HEARING OFFICER SELTZER: Sure.

MS. OWEN: Thank you. Will they have to install NOx CEM, continuous emission monitors?

MR. ROMAINE: The permit is prepared without a requirement for initial NOx CEMs. It would be treated as a peaker plant under the Federal Acid Rain Program.

MS. OWEN: In the project summary under No. 6, on page -- Well, mine says 3. No. I have

got it past. Page 2. It says, "A continuous emissions monitoring system and fuel monitoring is required for the turbines to confirm compliance with the applicable limits."

MR. ROMAINE: That's incorrect.

MS. OWEN: I had my hopes up.

Looking at the permit, new draft permit now. On page 2, it talks under the first paragraph "c," whatever that is, must be 1c, 3c, actually, it talks about peak mode and I do know what peak mode is. However, as far as I could tell in the application, no peak mode was requested nor was it modeled.

(Discussion outside the record.)

MS. OWEN: Nor was there any documentation of increased emissions for peak mode in the application or anywhere.

HEARING OFFICER SELTZER: Okay. Apparently the comment is either noted or we have a response, I don't know.

MR. ROMAINE: I think we will say the comment is noted. You are correct, it was not in the application. This permit was prepared based on another application, another draft permit. And we

will have to investigate the documentation for this particular application to support peak mode.

MS. OWEN: Yes.

Page 3, on the bottom of the page and at b(i)(A) it talks about quick starts. Again, no quick starts were requested in the application.

MR. ROMAINE: A similar response, we will have to investigate that.

MS. OWEN: Increased emissions for quick starts, I requested for that information before. And the responsive summary we got, I think it was Ameren, quick starts do increase NOx VOM emissions. And that kind of ruins my next question, but I'm going to ask it anyway. You say we look at the quick starts, because it just happens to be in this paragraph, "except for 'quick starts' that are due to requests for immediate delivery of power, as would result from unexpected loss of a transmission line or other generating capacity."

My question is, again, how will the Agency measure this? How will this be recorded, and are we assuming compliance?

MR. ROMAINE: The language as written says, "In response to request for immediate delivery of

power." That would be the only thing that would be required. The other language you mentioned is explanatory and is not restrictive.

And certainly in terms of following up on this, we believe we could certainly get information from the company to support why a quick start was needed, assuming that, in fact, this facility will need the ability to quick start.

MS. OWEN: Page 5, 10a, "This permit is issued based on the turbines being gas-fired peaking units, as specified in 40 CFR 75, so that continuous emission monitoring is not required for NOx." I do understand that.

"To maintain this status, the eight turbines shall be low mass emission units. SO2 and NOx emissions will be less than 5 tons and 50 tons annually per turbine." Now, for NOx that would be 400 tons. Unfortunately, the permit is limited to 145. That means these units will never lose their peaking status; and if we are going back to the old definition of peaker with the rolling annual capacity factor of greater than 10 percent and no more than 20 percent, I did the numbers, and it should be 10 tons and 20 tons per turbine not 50.

(Discussion outside the record.)

MR. ROMAINE: We will have to look into that. I'm not sure on the basis -- the regulatory basis that's contained in the regulatory draft permit.

MS. OWEN: I don't either. Where do these 5 and 50 tons come from? It used to be the annual -- You know what I mean. The annual capacity factor. I understand this is not limited by hours. It is limited by gas use, but you are permitting them to 400 tons before they lose their peaking status, and they will never reach that because it's only 245 in the permit.

HEARING OFFICER SELTZER: That's been noted, and it will have to be addressed.

MS. OWEN: It will be. Thank you. I will get an answer I know.

In light of this, however, I would like language added to the permit to install facilities that would allow the easy installation of CEMs in this project. You did this for the Flora permit.

MR. ROMAINE: We can certainly add that language. I would take the position that that

language is simply informative. If they have to install continuous emission monitors, they have to install continuous emission monitors no matter how difficult it is for them to do so, obviously.

MS. OWEN: I just don't want to delay because there is always language in here that they can go back to you and request another 180 days or for whatever reason. And once it's in the language, the excuse will be gone. That's why I want it in.

Page 7, ii -- no, excuse me -- iii, "Measurements for other pollutants shall be conducted as follows: A. CO, PM and VOM concentrations shall be measured at peak, intermediate and minimum gas turbine load." Since you know what those are, I would like you guys to be more specific in the permit.

Page 9. Under -- I don't know what number we are at. It would be 12d. "The permittee shall maintain the following records related to each startup of the turbines:" And it goes into details. I want to see shutdown treated the same way. The date and time, they followed instruction; and if they were not followed, why not.

And I did not see any shutdown emission discussions in this application or permit either, so I suggest they install CEMs right away because you don't know what they are emitting.

Under 12e, "The permittee shall maintain the following records related to emissions:" Under iii, it simply says "The annual emissions of" and it has to say the daily, monthly, and annual emissions. And not only should it say that, but it has to say the emissions of NOx, SO2, PM and VOM and CO from turbines for each day since the previous record and calculations to be compiled at least monthly.

On page 10, because the number always varies, and I don't know why, 14a, about the notification, if CO or NOx emissions go above 160 tons a year, why isn't it 150?

MR. ROMAINE: I agree. But I have a more serious question about that one. Since we are limiting the permit to 144 tons, the notification requirement for 160 tons of CO is simply inappropriate, so we will examine that.

MS. OWEN: Yes.

If you don't have an answer on the

peak mode question, my next comment again is like the other one I had. If they can run above 101, they can also run -- above 100, they can go above 101. And there is no requirement in this permit to notify you if they do.

Thank you. I think that was all I had, and I'm looking forward to have all my questions answered in the Responsiveness Summary.

HEARING OFFICER SELTZER: Thank you.

There was one outstanding question. Would you identify yourself?

MR. PONDER: I think what we will do is give it to Chris and let him give it back in the Responsiveness Summary, so we are all on the same wavelength.

HEARING OFFICER SELTZER: Very well.

I'll ask before we adjourn if there is anybody else who has any comments or questions.

(No response.)

HEARING OFFICER SELTZER: There being none, then I will reiterate that the record in this matter will close midnight September 21. Anything postmarked by that date will become part of the record. Anything postmarked after that date will

not become part of the record.

I want to thank you all for your participation and have a safe trip home. Thank you.

* * *

(Which were all the proceedings had in the above-entitled cause.)

STATE OF ILLINOIS)
) ss.
COUNTY OF DU PAGE)

I, JANICE H. HEINEMANN, CSR, RDR, CRR, do hereby certify that I am a court reporter doing business in the State of Illinois, that I reported in shorthand the testimony given at the hearing of said cause, and that the foregoing is a true and correct transcript of my shorthand notes so taken as aforesaid.

Janice H. Heinemann, CSR, RDR, CRR
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