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BEFORE
WILLIAM SELTZER
HEARING OFFICER

IN RE THE MATTER OF:)
)
PROPOSED AIR POLLUTION CONTROL)
CONSTRUCTION PERMITS TO ELWOOD)
ENERGY II AND III, ELWOOD, ILLINOIS

)
Transcript of proceedings had in the
above-entitled matter on behalf of the Illinois
Environmental Protection Agency, held at 24856 West
Eames Street, Channahon, Illinois, on the 28th day
of September, A.D., 2000, commencing at the hour of
7:00 o'clock P.M.

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A_P_P_E_A_R_A_N_C_E_S

PRESENT:

Mr. William Seltzer, of
Illinois Environmental Protection Agency,
1021 North Grand Avenue,
Springfield, Illinois 62794-9276,
appeared as Hearing Officer;

ILLINOIS_ENVIRONMENTAL_PROTECTION_AGENTS

Mr. Christopher Romaine
Mr. Brad Frost

* * * * *

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I_N_D_E_X

PRESENTERS

Christopher Romaine 06

Mark Mitchell 10

E_X_H_I_B_I_T_S

PAGE

Exhibit No. 1, 19

Exhibit No. 2 (to be attached at a later date)

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1 MR. SELTZER: Let's go on the record, folks,
and

2 get started. Good evening, my name is Bill
Seltzer.

3 I'm an attorney with the Environmental Protection
4 Agency, and I've been asked to be the hearing
5 officer in this matter.

6 We'll start off by my asking if all
of
7 you would sign a registration card if you haven't
8 yet when you first come in. There's also some
blank

9 comment forms; so if anybody wants to ask questions
10 or make comments other than this evening, you can
11 send in on the comment forms. Before the hearing
12 ends, I'll give you an idea of when the record
13 closes which means you can send in your comments
and
14 postmark them any time up to midnight the date of
15 the close of the record.

16 We'll start off by introducing the
17 agency personnel and then I'm going to ask the
18 people from the applicant to stand up and introduce
19 themselves and spell their name.

20 MR. ROMAINE: Good evening, I'm Christopher

21 Romaine. I'm manager of the Permit Section Utility
22 Unit. Out in the hallway assisting us is Brad
Frost

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1 with the Community Relations Group.

2 MR. SELTZER: Do we have any people here from
3 the applicant? I'll bet we do.

4 MR. MITCHELL: My name is Mark Mitchell. I'm
5 representing Elwood Energy II and Elwood Energy III
6 as project manager for the expansion.

7 MR. JOURAS: My name is Mike Jouras. I am here
8 representing People's Energy Resources. I'm a
9 project manager.

10 MR. SELTZER: Is there anybody else here
11 employed by the applicant? I'd like you all to
12 introduce yourself for the record, please.

13 MR. RIEGER: My name is George Rieger. I work
14 for People's Energy Resources Corporation.

15 MR. FAISON: David Faison, Director of
16 Operations for Elwood.

17 MR. SCOTT: Charlie Scott. I'm the site
18 construction manager for Elwood.

19 MR. APPLEWHITE: I'm Hunter Applewhite,
Director

20 of Corporate Communications.

21 MR. TRZUPEK: Rich Trzupsek. I'm the Air
Quality

22 Manager with Huff & Huff Incorporated, consultant
to

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1 Elwood.

2 MR. SELTZER: Anybody else?

3 MR. DAVIS: Karl Davis with People's Energy
4 Resources Corporation.

5 MR. SELTZER: Thank you.

6 MR. TINGLEFF: Will Tingleff, I'm the Station
7 Director for Elwood Energy.

8 MR. SELTZER: Anybody else?

9 MR. FORCADE: Bill Forcade, Jenner and Block,
10 People's Energy.

11 MR. LUCAS: Kyle Lucas, Air Permitting
12 Specialist.

13 MR. SELTZER: Anyone else? Off the record for
14 a
15 minute.

16 (Discussion off the record.)

17 MR. ROMAINE: I'd like to make a brief
18 presentation to thank everybody for coming tonight.
19 Elwood Energy Center is an existing power plant
20 facility. It's a fairly new facility that came on
21 line in 1999. They have proposed to add an
22 additional five simple site to turbines. They are
being proposed by two different corporate ventures,

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1 and to be honest with you I don't understand the
2 exact corporate relationships, and from an air
3 pollution perspective it doesn't really
matter

4 because we consider these all to be part of
one

5 source. And to the extent that Dominion and
6 People's and Elwood Energy Center want to
have

7 different corporate arrangements for the
different

8 facilities, that is acceptable to us because
we're

9 going to look at them as a whole anyway.

10 The proposed five turbines would
burn

11 natural gas which is the cleanest commercially
12 available fuel. The proposed turbines would
be

13 considered a major project subject to the
Federal

14 Prevention of Significant Deterioration rules.
This

15 is because they would significantly increase
16 emissions from the facility. They would have the

17 potential to do that.

18 Under the Federal Prevention of
19 Significant Deteriorations, they are subject to a
20 requirement for best available control
technology.

21 As part of the applications for these turbines,
22 Elwood Energy included demonstrations of best

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1 available control technology and demonstrated to
the
2 satisfaction of the Agency that the use of dry low
3 nox turbines, as proposed, would constitute best
4 available control technology for this particular
5 application.

6 These are simple cycle peaking
7 turbines. They do not have waste heat boilers
8 attached to the stack; and on that basis, we
believe

9 it's appropriate to use low nox turbines as best
10 available control technology.

11 In addition, because these proposed
12 turbines would be a major project subject to
the

13 Federal Prevention of Significant
Deterioration

14 rules, Elwood Energy had to provide an air
quality

15 impact analysis. This analysis demonstrates
that

16 these proposed turbines would not have a
significant

17 impact on air quality.

18 Accordingly, our review concluded

that

19 the proposed turbines would comply with
applicable

20 regulations. We prepared a draft permit. We
have

21 made that draft permit available as part of this
22 public comment period, and what we're looking for

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1 tonight is any comments from the public on that
2 draft permit.

3 Obviously this is a significant
4 undertaking. It's a major project; and before we
5 take final action on that, if there are issues with
6 regard to this project we've overlooked or things
7 that can be done to strengthen the permit, we would
8 certainly like to do that. With that, thank you
all
9 for coming this evening.

10 MR. SELTZER: Thank you, Chris. Does the
11 applicant wish to make a statement?

12 MR. MITCHELL: Yes, we do.

13 MR. SELTZER: Do you happen to have a copy of a
14 prepared statement?

15 MR. MITCHELL: We have a brief presentation
that
16 we can give you a copy of.

17 MR. SELTZER: Can we supply the court reporter
18 with a copy, please.

19 MR. ROMAINE: Let me comment. There are
20 actually two draft permits because we do have the
21 two corporate entities that have identified
22 themselves as Elwood II and Elwood III. Because

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1 they do involve slightly different owners and
2 operators, we have prepared the permits separately.

3 MR. SELTZER: Would you state your name for the
4 record, please?

5 MR. MITCHELL: Yes, again my name is Mark
6 Mitchell. I'm the project manager for Elwood
Energy

7 II and Elwood Energy III. First off, I would like
8 to thank everyone for the opportunity to speak
9 tonight on behalf of the Elwood Energy Project. We
10 have prepared a brief presentation tonight; and if
11 there are any questions after this presentation, we
12 would be happy to answer them.

13 MR. SELTZER: Okay, let's go off the record for
14 a second.

15 (Discussion off the record.)

16 MR. MITCHELL: As I mentioned, we have a brief
17 presentation tonight. This presentation tonight
18 will cover why we're doing this project, what this
19 project is all about, where the project is located,
20 when the project will be implemented, and how we're
21 going to implement this project. It has
22 insignificant impacts on the environment, and a
very

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1 positive impact on the local economy.

2 First off, why we're doing this
3 project: Illinois electric supply is insufficient
4 during periods of high demand. This generally
5 occurs during the summer, during the peak
power
6 demands when the temperature is very high.

The

7 Elwood Energy II and Elwood Energy III will be
in
8 service to support the summer of 2001 peak
demand.

9 Elwood has key existing energy
10 infrastructure including the existing Elwood
site
11 that's already been mentioned tonight. It's been
in
12 operation for over a year. It has significant
13 electric transmission capacity, and it has a
14 significant fuel supply by the natural gas
lines
15 that cross in that area.

16 What we're developing: An
expansion
17 of an existing highly efficient natural gas

fired

18 facility that will sell power to competitive

19 markets. We have an existing Elwood Energy

facility

20 there that uses natural gas. We are expanding that

21 facility to add Elwood Energy II and Elwood Energy

22 III; and as Chris said, this is really treated as

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1 one plan as far as the emissions modeling and
2 everything; but for business reasons, we've split
it

3 into the two entities. These entities will
install

4 an additional five turbines with a nominal output
5 per unit of 150 megawatts.

6 Elwood Energy II consists of two
7 simple cycle combustion turbines for 300
megawatts.

8 Elwood Energy III consists of an additional three
9 for a total of five to 700 megawatts. This
facility

10 will support continued economic growth in
Illinois;

11 and as we previously mentioned, we use the best
12 available control technology.

13 Now, for where the facility is
14 located: It's in Will County in the Village of
15 Illinois; and if I look at this map, you can see
the

16 north arrow pointing up. The Village of Elwood
is

17 actually southeast to the site down here

18 (indicating). This is a map of the existing

19 in-service Elwood facility with the four turbines
20 which are west of Patterson Road, and Mill Road is
21 to the south, and Brandon Road is to the east; and
22 this is the existing ComEd switchyard which the

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1 units supply.

2 The expansion will expand from the
3 ComEd switchyard going north. These first two
units
4 we designated. Actually the original Elwood is
5 designated units one, two, three and four. Elwood
6 II was designated as unit five and unit six; and
7 Elwood III is designated as unit seven, unit eight,
8 and unit nine.

9 When will we do the project, the
10 project schedule: We've been in the
permitting
11 process all basically this year, and we expect
to
12 complete that process in October. Once that
process
13 is completed, we'll go into construction this
fall,
14 and that construction will last basically until
next
15 spring, and we expect all of these units to be in
16 service for the summer of 2001.

17 How we'll do this project: We will
18 basically use a proven project team. This is
the

19 same project team that performed the
construction

20 and startup of all the original Elwood units.

We're

21 very confident in them. That project team will

22 consist of General Electric who will supply and

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1 install the turbine generators. Black & Veatch
will
2 be the detail design engineer. Sergeant & Lundy
out
3 of Chicago are the owner's engineer. The owner's
4 engineer's responsibility is to review all the
5 drawings from GE and Black & Veatch to make sure
6 they're in compliance. We'll use the existing
7 operators at Elwood. We'll also operate the youth
8 facilities as they're very experienced. We'll also
9 use local contractors using local union labor.

10 This project will have minimal
11 environmental impacts. It will use natural gas
12 which has the lowest in nox emissions per megawatt
13 of any fossil fuel up to 40 times lower than coal.
14 This is the same natural gas that you would burn in
15 your house for heating or cooking or whatever.

It's

16 the same gas. This will enable Illinois to meet
the
17 nox goals while providing reliable power; and as
18 mentioned, this is the cleanest burning fuel
19 commercially available.

20 The emissions will be
inconsequential.

21 There will virtually be no water or solid waste
22 impact, and these units have a very quick response

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1 time to respond to market conditions when power is
2 needed. They can start and shut down very quick,
so
3 they'll only run when needed.

4 We've put together a comparison of
5 Elwood Energy II and III compared to the six county
6 region. As you can see, we have the emissions on
7 this axis and the rate of emissions and tons per
8 year on this axis. And you can see Elwood Energy
is
9 in the yellow; so compared to the six county
area,
10 the other stationary sources are much higher in
11 comparison to Elwood, and you can see the various
12 emissions that we've evaluated.

13 We've also compared the Elwood
14 emissions compared to the all generation assets
into
15 Illinois, and again it's the same graph,
emissions
16 and tons per year on one side, the exact
emissions
17 here (indicating), and again you see Elwood
Energy
18 in yellow; and the bigger bars are for the rest

of

19 the emissions in Illinois.

20 We've looked at ascetics on the
site.

21 We've got some pictures that we'll show later on,

22 that we are very proud of the existing Elwood site

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1 and how we'll keep it. We've looked at a number of
2 things. This is just one of them, the stack
height
3 in the area; and you can see this axis is the
number
4 of feet and some comparisons in the area. So
5 compared to the Joliet station, they have stack
6 heights of over 500 feet and one a little over
400
7 feet. The Joliet refinery has a stack height of
8 over 300 feet. People's Gas has a stack height
of
9 over 200 feet. The Elwood Energy stack heights
are
10 approximately 125 feet.

11 We've also done a sound level
12 comparison, and what we've done is a relative
13 comparison to the things that you can associate
with
14 every day life, and you can see just going top to
15 bottom. One thing we'd like to point out is the
16 Elwood Energy is the equivalent of three feet
from
17 that Elwood unit which is me standing there with
my

18 hand on the side of the unit is the equivalent
of
19 being inside of a city bus. Also when you get
out
20 1,500 feet from the site, it's basically
21 indiscernible from any background noise.
22 We will have some temporary

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1 construction effects as you can imagine for a
2 project of this size. The temporary local traffic
3 will increase due to construction and equipment
4 deliveries on the site. There will be some
increase
5 in sound and dust and noise but all within
6 regulatory requirements on the site but no off-site
7 impact.

8 We feel there will be many economic
9 benefits by this plan. The local employment
10 temporary increase we estimate at 200 construction
11 jobs, and that number is probably low. It could
go
12 much higher. It will increase the Elwood Energy
13 facility, the whole facility, to 16 permanent
staff
14 positions. Revenues will be increased through
sales
15 taxes and property taxes.

16 This is a picture of the existing
17 facility. Again, it's four units on the
existing
18 facility. This is unit one, two, three and
four.

19 This new facility will basically be the same

layout

20 except for we have a fifth unit over here

21 (indicating). The new units are actually east

of

22 here (indicating) and a little bit north. This

view

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1 is looking southeast towards the Village of Elwood.

2 This is a little bit closer view.

3 It's actually looking south of the existing units.

4 Just to point out some of the components on the
unit

5 for anybody who hasn't seen one, basically we have

6 the air intake structure with filters, air inlet

7 filters, evaporative coolers, the air inlet going

8 into the combustion turbine area, several

components

9 in there; but that's basically the combustion

10 turbine.

11 This (indicating) is the stack. The

12 generator is actually sitting underneath this

13 (indicating) air inlet, and this (indicating) is

the

14 electrical lines coming out, the generator breaker

15 which is the same thing, acting the same as a light

16 switch in your house coming out to a transformer

17 that adjusts the voltage up to basically the

18 transmission level for the ComEd system.

19 And that pretty much concludes our

20 presentation tonight. If anybody has any

questions,

21 we'll be happy to answer them.

22

MR. SELTZER: Thank you. Do you have hard

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1 copies of the overheads?

2 MR. MITCHELL: Yes.

3 MR. SELTZER: Okay, why don't we make those
part

4 of the record. Do you have a copy with you now?

5 MR. MITCHELL: She has those.

6 MR. SELTZER: Okay, we'll mark that as Exhibit
7 No. 1 and enter it into the record as Exhibit No.
1.

8 (Whereupon said document was
marked

9 as Exhibit No. 1.)

10 MR. SELTZER: I have a few questions before we
11 begin. When you were talking about you took sound
12 level readings--

13 MR. MITCHELL: We took sound level readings on
14 the existing Elwood facility, and the new facility
15 will also be tested.

16 MR. SELTZER: Were they taken internally or did
17 you hire an acoustical consultant?

18 MR. MITCHELL: We hired an acoustical
19 consultant.

20 MR. SELTZER: Can you give us his name?

21 MR. FAISON: Acoustical Associates was the name
22 of the firm.

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1 MR. SELTZER: Located in Chicago?

2 MR. FAISON: Do you recall where their offices
3 were, George?

4 MR. RIEGER: No.

5 MR. FAISON: No, sir, we don't recall where
they

6 were located. I believe he was in Illinois, but I
7 don't recall the address at this time. We can find
8 that out and supply that answer.

9 MR. SELTZER: Did that firm submit a report to
10 you?

11 MR. FAISON: Yes, sir.

12 MR. SELTZER: Can we get a copy of that report?

13 MR. FAISON: Yes, sir.

14 MR. SELTZER: Is it okay with you if we make a
15 copy of that report part of the record of these
16 proceedings?

17 MR. FAISON: Yes, sir, that's fine.

18 MR. SELTZER: Okay, we'll make that report,
when

19 it comes in, Exhibit 2. During your presentation,
20 you talked about property tax?

21 MR. MITCHELL: Yes.

22 MR. SELTZER: In other words, the base will be

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1 increased?

2 MR. MITCHELL: Yes.

3 MR. SELTZER: Do you have any estimates as to
4 amounts?

5 MR. MITCHELL: We're still looking at-- An
exact

6 number of sales tax would be in the millions, but I
7 don't have an exact number at this time.

8 MR. SELTZER: Are we talking about sales tax or
9 property tax?

10 MR. MITCHELL: Sales tax would be in the
11 millions. I'm not sure what the property tax will
12 be at this time.

13 MR. SELTZER: No estimates?

14 MR. MITCHELL: It's still being assessed. I
15 don't have a good estimate right now.

16 MR. SELTZER: All right, at this time we'll
turn

17 to the audience and see if there's anybody that has
18 any questions or comments. Normally we go by the
19 way people signed the cards and in that order, but
20 we only have a couple people here. Is there
anybody

21 who does have any questions or comments?

22 Let's indicate for the record there's

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1 nobody that indicates they have comments or
2 questions. It's 7:20. The hearing started at 7:00
3 o'clock. Let's recess until 7:30 in case there
are
4 some latecomers. Thank you.

5 (Whereupon a recess was taken.)

6 MR. SELTZER: Let's go back on the record.
I'll

7 ask again is there anybody that wishes to make
any
8 comments or ask any questions? Indicate for the
9 record there are none.

10 We'll bring this hearing to a
close.

11 The record will stay open until October 13th.

Thank

12 you all for your participation.

13 * * *

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1 STATE OF ILLINOIS)
) SS.

2 COUNTY OF C O O K)

3

4 I, Cynthia A. Pavesich, a Notary Public

and

5 Certified Shorthand Reporter of the State of
6 Illinois, County of Cook, do hereby certify that I
7 reported in shorthand the proceedings had in the
8 above-entitled matter, and that the foregoing is a
9 true and correct transcript of the proceedings

as

10 appears from my stenographic notes.

11 IN WITNESS WHEREOF, I do hereunto set

my

12 hand this 6th day of October, A.D., 2000.

13

14

15

_____ 16
C.S.R. License # 084-003483

Cynthia

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