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June 21, 2022

Mr. Darin LeCrone, P.E.
Manager, Industrial Unit
Bureau of Water, Division of Water Pollution Control, Permits Section
Illinois Environmental Protection Agency
1021 North Grand Avenue, East
Springfield, IL 62794-9276

Re: Annual Cost Estimate Adjustment for Inflation for Closure, Post-Closure, and Preliminary Corrective Action at the Hennepin Power Plant East New Primary Pond (W1550100002-05); West Pond System (W1550100002-01/03); East Ash Pond 2 (W1550100002-04); East Pond 4 (W1550100002-07)

Dear Mr. LeCrone:

Pursuant to 35 I.A.C. 845.940, Dynergy Midwest Generation, LLC ("DMG") submits this adjustment for inflation to the expected remaining costs for (1) closure and post-closure care and (2) the preliminary corrective action costs for the East New Primary Pond located at the Hennepin Power Plant. DMG is providing the estimated "total cost for closure and post-closure care" that remain to be incurred under Part 845 along with a preliminary corrective cost estimate "that is equal to 25% of the costs" that remain to be incurred for closure and post-closure care. 35 I.A.C. 845.930(b), (c). This cost estimate takes into account the proposed closure method as reflected in the construction permit application submitted to IEPA on January 31, 2022. The inflation adjustment was derived by "by using an inflation factor derived from the annual Implicit Price Deflator for Gross National Product (Deflator) as published by the U.S. Department of Commerce in its Survey of Current Business (Table 1.1.9)." 35 I.A.C. 845.940(a).

Taking into account the requirements of 35 I.A.C. 845.930(b)—including the use of "prevailing wages" (845.930(b)(3)); the exclusion of any zero costs for CCR that might have an economic value (845.930(b)(5)); and the exclusion of any salvage value of the facility, structures, or equipment (845.930(b)(4))—DMG estimates that the closure and post-closure care cost at its existing CCR surface impoundment is \$8,931,125 for the East New Primary Pond. The requirements of Part 845 result in the cost estimate overstating the actual expected future costs. Thus, this is not a reasonably probable cost that is reasonably estimable at this time.

In accordance with 35 I.A.C. 845.930(c)(1), DMG's preliminary corrective action cost estimate for the East New Primary Pond is \$2,232,781. For the closed inactive CCR surface impoundments at Hennepin, DMG's preliminary corrective action cost estimate is \$2,075,171 for the East Ash Pond 2, the West Pond System, and East Pond 4.

The closure and post-closure estimate for the existing CCR surface impoundment was developed to comply with Part 845 and derived based on the construction process and items detailed below.

A professional engineering firm has been retained to complete the East New Primary Pond closure design and preparation of the construction bid documents, and those designs are reflected in the construction permit application submitted to IEPA on January 31, 2022. A contractor will be selected to complete the closure and final cover construction. Construction management ("CM") and construction quality assurance ("CQA") will be performed during East New Primary Pond closure by qualified CM and CQA companies/engineering firms.

Free liquids will be eliminated by removing the liquid waste from the East New Primary Pond to facilitate closure by leaving the coal combustion residuals ("CCR") in place. Water removed from the East New Primary Pond will be discharged through the NPDES-permitted outfall. The removal of free liquids will result in the stabilization of the remaining CCR to provide a stable subgrade base for the final cover system.

The CCR in the East New Primary Pond will be shaped and graded to the design subgrade limits and elevations. The final cover system will be placed directly on top of the subgrade layer to achieve final cover design grades.

The final cover system construction will be initiated upon the mobilization of the construction contractor to the East New Primary Pond. The existing East New Primary Pond and necessary surrounding areas will be cleared of vegetation and structures (removal or abandonment) to allow for the construction of the CCR subgrade.

In accordance with 40 C.F.R. Part 257 and the process in 35 I.A.C. 845.750(c) that allows IEPA to approve an alternative cover, the final cover will include, at a minimum, a geomembrane, a geotextile cushion if needed, 18 inches of earthen material, and 6 inches of soil capable of sustaining vegetative growth. The permeability of the final cover system will be equal to or less than the permeability of the existing liner system in the East New Primary Pond or no greater than 1×10^{-7} cm/sec, whichever is less. Since the existing liner system in the East New Primary Pond includes a geomembrane covering the lower half of the slope of the interior embankment and the base of the ash pond, a geomembrane will be included in the final cover system.

The final cover surface will be seeded and vegetated. The final cover system will include necessary storm water management system components to promote positive drainage and to minimize erosion. Access roads will be constructed as part of the final cover system to provide access to the closed East New Primary Pond. Upon completion of the East New Primary Pond closure construction, the contractor will demobilize from the project site.

Post-closure care for the East New Primary Pond will be performed for the duration of the specified post-closure care timeframe. Groundwater monitoring will be performed at the required frequency, and the groundwater monitoring system will be inspected and maintained on a routine basis. Throughout the post-closure care period, periodic visual observations of the final cover system and stormwater management system will be performed. If repairs are required, the repair activities may include, but are not limited to, replacing and compacting soil cover, repairing eroded drainage channels, filling in depressions with soil, regrading, and reseeding repaired and existing vegetated areas as necessary.

The scope of any groundwater corrective action is not known at this time, and therefore the preliminary corrective action cost estimate is based on 25% of the revised closure and post-closure care cost. For the closed inactive CCR surface impoundments, the preliminary corrective action cost estimate is based on 25% of the post-closure care cost.

If you have any questions regarding this submittal, please contact Phil Morris at 618-343-7794 or phil.morris@vistracorp.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dennis Johnson".

Dianna Tickner
Director Decommissioning & Demolition