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Dynegy Midwest Generation, LLC
1500 Eastport Plaza
Collinsville, IL 62234-6135

By UPS and Email

May 9, 2017

Illinois Environmental Protection Agency
Bureau of Water
Division of Public Water Supplies
Groundwater Section
1021 N. Grand Avenue East
Springfield, IL 62794-9276

Attn: Mr. Richard P. Cobb, P.G.
Deputy Division Manager

Re: North and Old East Ash Pond Units at the Dynegy Midwest Generation Vermilion Site

Mr. Cobb:

In response to the Illinois Environmental Protection Agency's February 14, 2017 letter regarding the North and Old East ash pond units at the Vermilion site (IEPA Letter), Dynegy Midwest Generation, LLC (DMG) identifies herein its plan to perform the engineering and hydrogeologic studies needed to develop and submit to the Agency the ash pond closure and river bank management plans for the North and Old East ash pond units.

To address Items 1 and 2 of the IEPA Letter and to supplement the geotechnical study DMG submitted to the Illinois Environmental Protection Agency (Agency) on November 25, 2013, we have retained a geotechnical engineering consultant to identify the access requirements to protect the river bank of the Middle Fork Vermilion River (MFVR), current river bank location and potential river bank erosion relative to the access requirements. The consultant's report will include a map with the current river bank location, the location of the toe of the North and Old East ash pond berms and lines indicating the point at which river bank stabilization would need to be initiated. That report will be completed and submitted to the Agency by November 6, 2017.

We have also retained a civil engineering consultant to identify stone toe protection river bank stabilization options (Item 3 of the IEPA Letter). That report will also be completed and submitted to the Agency by November 6, 2017.

Cost estimates will be prepared for each ash pond closure option and stone toe protection river bank stabilization option (Item 5 of the IEPA Letter) so all the closure options with their associated river bank stabilization options can be compared (Item 6 of the IEPA Letter). DMG will submit these options, cost analyses and a summary comparison to the Agency by December 1, 2017.

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JUN 12 2017

REVIEWER: MJK

May 9, 2017

Page 2 of 4

We have directed our hydrogeologic consultant to resume groundwater sampling as soon as the existing groundwater quality wells in the vicinity of the North and Old East ash ponds have been refurbished. We expect to have the first round of samples collected in June 2017. The results of this sampling initiative (i.e., six sets of samples over a one-year period) will be used to update the 2012 post-closure groundwater quality predictions. We will direct our hydrogeologic consultant to include the river bank stabilization and closure options in the hydrogeologic modeling study (Item 4 of the IEPA Letter). The hydrogeologic modeling study will be completed and submitted to the Agency within four months after the last set of groundwater samples has been collected.

River Bank Stabilization

Over the past eight years DMG has worked with the National Park Service (NPS) to identify a river bank stabilization design that would meet the NPS requirements for the MFVR. After several proposals and design modifications, the NPS approved our design in mid-2016 for river bank stabilization near the New East ash pond. The approved design -- stone toe protection (STP) -- uses rocks, soil and native vegetation to create an aesthetic appearance. The NPS determined the STP design does "not have a direct and adverse effect on the free-flowing condition, water quality, and outstandingly remarkable values" of the MFVR.¹ Shortly after the NPS approved our STP design, we received a construction permit from the U.S. Army Corps of Engineers (USACE). We completed the STP project within five months (i.e., in November 2016), stabilizing the river bank and re-establishing it 30 feet farther away from the New East ash pond berms.

Because STP is effective at protecting and re-establishing river bank and because we now know the NPS and USACE will approve STP, but not other river bank stabilization designs, along the MFVR, we intend to implement the same or similar design on an as-needed basis to those portions of the river bank near the Old East and North ash ponds. We have directed our civil engineering consultant to identify STP options for the two ash pond units and to prepare a cost analysis only for STP options along various sections of the MFVR in the vicinity of the Old East and North ash ponds. Concurrent with the river bank stabilization study, DMG will file an application for a USACE nationwide construction permit to install STP in the area of the Old East ash pond. Seeking a nationwide construction permit prior to the completion of the river bank stabilization study would allow us to begin STP construction promptly, if warranted by the geotechnical engineering studies.

Beneficial Re-Use

The corrective action plans we submitted to the Agency in 2012 focused on closing the Old East and North ash ponds in-place.² We are currently investigating opportunities to beneficially re-use the ash from the Vermilion site's ash ponds. While the viability of those beneficial re-use opportunities will not be known until ash sampling, testing, modeling and market studies have been completed, beneficial re-

¹ NPS Letter from C. Sholly, Regional Director, to L. Lindley, USCAE (July 5, 2016)

² DMG submitted Corrective Action Plans (CAP) for the North and Old East ash ponds on April 1, 2012 (i.e., three months before the Agency issued VN W-2012-00071) and supplemented the CAP submittals on April 15, 2014.

use is an option worthy of serious consideration due to its numerous benefits. For this reason, we will pursue beneficial re-use opportunities and, as appropriate, incorporate such opportunities into the ongoing geotechnical and civil engineering studies and the proposed groundwater monitoring and modeling studies or submit them as amendments to those final studies.

Permitting

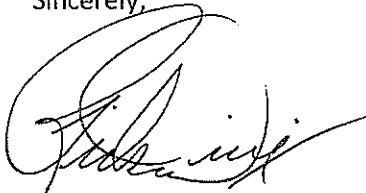
In order to avoid potential confusion and expedite the future permitting of our closure and river bank management plans, we feel it is important to clarify the permitting and approval requirements. The IEPA Letter states that closure plan options for the Vermilion North and Old East ash ponds must be provided to the Agency, the Illinois Department of Natural Resources (IDNR), the NPS and the USACE for approval. While we recognize the need to obtain a construction permit from the USACE before performing any work below the ordinary high water mark of the MFVR (and that any such construction permit would require a Wild and Scenic Rivers Act Section 7(a) determination by the NPS), and an IDNR permit for any work in the flood plain, there are no regulatory requirements to provide our ash pond closure plans to the IDNR, the NPS or the USACE for approval. We will, however, consult with the IDNR in advance of initiating any projects within the Conservation Easement in accordance with the Conservation Easement Agreement. We will keep the USACE/NPS informed of our progress given their interests in the MFVR.

* * * * *

We believe the ongoing civil and geotechnical engineering and hydrogeologic studies will provide us with the information needed to develop integrated closure plans for the Vermilion site North and Old East ash ponds that address groundwater quality and ensure the stability of the relevant portions of the MFVR river bank. While these studies are being performed and the plans are being developed, we will continue to perform annual PE structural integrity inspections of the Vermilion ash pond berms and apply to the USACE for a nationwide permit to construct STP in the vicinity of the Old East ash pond.

Please let us know if the Agency approves our plan and schedule for these studies. If you have any questions or concerns with the studies, please contact me at 618-343-7761.

Sincerely,



Rick Diericx
Managing Director – Environmental Compliance Group

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ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

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May 30, 2017

Mr. Rick Diericx
Senior Director – Environmental Compliance
Dynergy Midwest Generation, LLC
1500 Eastport Plaza
Collinsville, IL 62234

EPA-DIVISION OF RECORDS MANAGEMENT
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JUN 12 2017
REVIEWER: MJK

Re: Dynergy Midwest Generation – Vermilion Power Station, North and Old East Ash Pond Units

Dear Mr. Diericx,

The Agency has reviewed the May 9, 2017 correspondence from you regarding the Dynergy Midwest Generation – Vermilion Power Station, North and Old East Ash Pond Units. This correspondence was in response to the February 14, 2017 letter from the Agency requesting information relating to closure of these units.

Your recent correspondence states that access requirements to protect the river bank, current and potential river bank erosion relative to the access requirements, and river stabilization options will be submitted by November 6, 2017. A cost analysis for each closure option including river bank stabilization options, along with a summary comparison will be submitted by December 1, 2017. A year with 6 rounds of groundwater sampling will begin in June 2017 and will be used to help in steady state groundwater flow and transport modeling for each closure option. This report is to be submitted within four months of when the last of the groundwater samples has been collected, which would be about October 2018. This schedule is acceptable to the Agency.

Please feel free to contact me with any questions.

Sincerely,

Richard P. Cobb, P.G.
Deputy Division Manager
Division of Public Water Supplies
Bureau of Water

CC: Bill Buscher, Amy Zimmer, Darin LeCrone, Records Unit