

COMPANY CORRESPONDENCE

FROM: R. E. Huffman *R. E. Huffman*  
G. D. Logan *G. D. Logan/neh*  
LOCATION: Environmental Dept., GSB II

DATE: November 7, 1988

RE: Ash Disposal Contracts

TO: J. M. Ross LOCATION: Environmental Dept., GSB II  
F. H. Guenther

We are concerned that changes in NIPSCO's methods of ash disposal are being contemplated without full discussion of the long term consequences of such changes. Presently, ash from Michigan City Generating Station only is disposed of at Brown's Landfill. Ash from Bailly and Mitchell is disposed of under contract with American Fly Ash (AFA). AFA markets whatever they can of the ash and then arranges for disposal of the remainder.

Another contractor, Michigan Fly Ash (MFA), wishes to bid on this contract when it expires in March, 1989. They have been told that they must match the conditions of the AFA contract in order to bid. In other words, they must arrange for the disposal of whatever ash they cannot market. Apparently, MFA intends to dispose of the excess ash at Brown's Landfill. They have requested that they be supplied with samples of ash from Bailly and Mitchell stations. It is assumed that either MFA or the owners of Brown's Landfill are going to seek approval by the IDEM to dispose of the additional sources of ash.

Although this may be to the economic benefit of NIPSCO for the relatively short duration of the contract, we are concerned that longer term ramifications may be negative to the extent that such a proposal should be rejected. The reasons for this concern are as follows:

1. The use of Brown's Landfill as a disposal site for ash from all three stations will consume the available capacity of the site more rapidly than disposing of MCGS ash alone. At such time that Brown's Landfill is no longer available it may be necessary to install dry flyash handling facilities at MCGS. This would be necessitated by both economic and environmental considerations. It is messy and expensive to haul wet sludge over great distances, and regulators are increasingly concerned about disposing of wet sludges in landfills.
2. The process of obtaining an expanded permit would provide those organizations which are against the continued use of Brown's Landfill with a forum to air their views. Groundwater monitoring data may be made publicly available, and the data could be interpreted to indicate environmental damage from current disposal practices. Whether the contention is true or not, the controversy will be conducted in a court of public opinion rather than scientific inquiry. There is a possibility that not only would the expanded permit be denied, but that restrictions on the current use of the facility could be imposed.

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3. An expanded permit might be granted, but with additional monitoring requirements imposed. The additional monitoring might then show an environmental impact not identified by the present program.

While we are supportive of the concept of competitive bidding, it must be realized that the bidding firms are concerned only with their profit from operations during the life of the contract. It is up to NIPSCO to be concerned about the longer term impacts.

It is our recommendation that a meeting be conducted among NIPSCO personnel concerned to discuss these issues and the current status of our commitments to MFA and Brown's Landfill. Representatives should be invited from Purchasing, Environmental, and the three generating stations involved. Possibly others parties might also be interested.

REH/GDL:cas

cc: R. J. Hansen  
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G. A. Nethery

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