



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

REPLY TO THE ATTENTION OF:

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Stephen H Armstrong
Ungaretti & Harris LLP
3500 Three First National Plaza
Chicago IL 60602-4224

RE: Peoples Gas Sites, Chicago, Illinois

Dear Steve:

Enclosed is your copy of the executed Administrative Order on Consent for an EE/CA at eleven Peoples Gas Sites in Chicago, Illinois. Pursuant to Paragraph 108 of the AOC, the AOC is effective upon the signature of the Superfund Division Director. Also enclosed is your copy of the executed Administrative Order on Consent for a Removal Action at three Peoples Gas Chicago Sites. Pursuant to Paragraph 74 of the AOC, the AOC is effective upon the signature of the Superfund Division Director.

If you have any questions, please call me at (312) 886-5114. Thank you for your cooperation in this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Peter Felitti".

Peter Felitti

cc: Timothy Prendiville, SR-6J (w/o enclosures)
Thomas Cook, SE-5J (w/o enclosures)
Gary King, Deputy Manager
Division of Land Pollution Control
Illinois Environmental Protection Agency
1021 North Grand Avenue East
Springfield, Illinois 62702

Enclosures

bcc: Docket Analyst, ORC (C-14J)
Valerie Mullins, Enforcement Specialist, EESS (SE-5J)
John Maritote, EESS (SE-5J)
Fushi Cai, EESS (SE-5J)
Linda Haile (MF-10J)
Records Center (SMR-7J)
ERB Read File
Denise Gawlilnski, Public Affairs (P-19J) w/out attachments
Michael T. Chezick, Department of Interior

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5

IN THE MATTER OF:	)	Docket No.	V-W- '07-C-869
Peoples Gas)		
Manufactured Gas Plant Sites	)	ADMINISTRATIVE SETTLEMENT	
Chicago, Cook County, Illinois	)	AGREEMENT AND ORDER ON	
	)	CONSENT FOR ENGINEERING	
	)	EVALUATION/COST ANALYSIS	
Peoples Gas,)		
Respondent	)	Proceeding under Sections 104, 106, 107,	
	)	and 122 of the Comprehensive	
	)	Environmental Response, Compensation,	
	)	and Liability Act,	
	)	as amended, 42 U.S.C. §§ 9604, 9606(a),	
	)	9607 and 9622	

I. JURISDICTION AND GENERAL PROVISIONS

1. This Administrative Settlement Agreement and Order on Consent ("Settlement Agreement") is entered voluntarily by the United States Environmental Protection Agency ("U.S. EPA") and the Respondent, The Peoples Gas Light and Coke Company ("Peoples Gas"). The Settlement Agreement is issued pursuant to the authority vested in the President of the United States by Sections 104, 106(a), 107 and 122 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"), 42 U.S.C. §§ 9604, 9606(a), 9607 and 9622. This authority has been delegated to the Administrator of the U.S. EPA by Executive Order No. 12580, January 23, 1987, 52 Federal Register 2923, and further delegated to the Regional Administrators by U.S. EPA Delegation Nos. 14-14-A, 14-14-C and 14-14-D, and to the Director, Superfund Division, Region 5, by Regional Delegation Nos. 14-14-A, 14-14-C and 14-14-D.

2. This Settlement Agreement requires the Respondent to conduct an Engineering Evaluation and Cost Analysis ("EE/CA") of alternative response actions pursuant to 40 CFR Part 300.415(b)(4)(i), to address the environmental concerns in connection with each property located at various locations in Chicago, Cook County, Illinois. The eleven properties are: 22nd Street Station (the "22nd Street Station Site") located at 2200 South Racine Avenue, Chicago, Illinois; North Station (the "North Station Site") located in the area bounded by North Crosby, West Division, and West Hobbie Streets and the North Branch Canal of the Chicago River system in Chicago, Illinois; Division Street Station (the "Division Street Station Site") located at 1241 West Division Street, Chicago, Illinois; Crawford Station (the "Crawford Station Site") located

at 3500 South Pulaski Road, Chicago, Illinois; Hawthorne Avenue Station (the "Hawthorne Avenue Station Site") located on the northwest corner of the intersection of Marcey Street and Willow Street in Chicago, Illinois; Hough Place Station (the "Hough Place Station Site") located at 2500 S. Corbett St., Chicago, Illinois; North Shore Avenue Station (the "North Shore Avenue Station Site") located in the Rogers Park Township of Chicago, Illinois; Pitney Court Station (the "Pitney Court Station Site") located at 3052 Pitney Court, Chicago, Illinois; South Station (the "South Station Site") located near the intersection of Eleanor and Loomis Streets, Chicago, Illinois; Throop Street Station (the "Throop Street Station Site") located at the intersection of South Throop Street, South Eleanor Street, and West 25th Street, Chicago, Illinois; and Willow Street Station (the "Willow Street Station Site") located west of the intersection of Willow Street and North Kingsbury Street in Chicago, Illinois. These properties are depicted in Appendix 1. These properties are referred to individually as a "Site" and collectively as the "Sites", as more fully detailed below.

3. A copy of this Settlement Agreement will also be provided to the State of Illinois, which has been notified of the issuance of this Settlement Agreement pursuant to Section 106(a) of CERCLA, 42 U.S.C. §9606(a).

4. Respondent's participation in this Settlement Agreement shall not constitute an admission of liability or admission of U.S. EPA's findings or determinations contained in this Settlement Agreement except in a proceeding to enforce the terms of this Settlement Agreement. Respondent agrees to comply with and be bound by the terms of this Settlement Agreement. Respondent further agrees that it will not contest the basis or validity of this Settlement Agreement or its terms.

II. PARTIES BOUND

5. This Settlement Agreement applies to and is binding upon U.S. EPA and upon Respondent and Respondent's heirs, receivers, trustees, successors and assigns. Any change in ownership or corporate status of Respondent including, but not limited to, any transfer of assets or real or personal property shall not alter such Respondent's responsibilities under this Settlement Agreement.

6. Currently, EPA is in the process of reviewing information to determine if all or several of the properties listed in paragraph 2 could become eligible to be in the Superfund Alternative Sites (SAS) Program. If a determination is made that one or more of the properties listed in paragraph 2 are eligible for the SAS Program, the parties intend to enter into a new agreement to govern the administration and oversight of the properties in the SAS Program.

7. Respondent shall ensure that its contractors, subcontractors, and representatives receive a copy of this Settlement Agreement, and comply with this Settlement Agreement. Respondent shall be responsible for any noncompliance with this Settlement Agreement.

III. DEFINITIONS

8. Unless otherwise expressly provided herein, terms used in this Settlement Agreement which are defined in CERCLA or in regulations promulgated under CERCLA shall have the meaning assigned to them in CERCLA or in such regulations. Whenever terms listed below are used in this Settlement Agreement or in the attachments hereto and incorporated hereunder, the following definitions shall apply:

“AOC” or “Settlement Agreement” shall mean this Agreement and all appendices attached hereto. In the event of conflict between the AOC and any appendices, this AOC shall control.

“CERCLA” shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. § § 9601 *et seq.*

“Day” shall mean a calendar day unless expressly stated to be a business day. “Business day” shall mean a day other than a Saturday, Sunday, or Federal holiday. In computing any period of time under this AOC, where the last day would fall on a Saturday, Sunday, or Federal holiday, the period shall run until the close of business of the next business day.

“Effective Date” shall be the effective date of this Settlement Agreement as provided in Section XXIX.

“Interest” shall mean interest at the rate specified for interest on investments of the U.S. EPA Hazardous Substance Superfund established by 26 U.S.C. § 9507, compounded annually on October 1 of each year, in accordance with 42 U.S.C. § 9607(a). The applicable rate of interest shall be the rate in effect at the time the interest accrues. The rate of interest is subject to change on October 1st of each year.

“MGP” shall mean manufactured gas plant.

“National Contingency Plan” or “NCP” shall mean the National Oil and Hazardous Substances Pollution Contingency Plan promulgated pursuant to Section 105 of CERCLA, 42 U.S.C. § 9605, codified at 40 C.F.R. Part 300, and any amendments thereto.

“Oversight Costs” or “Future Response Costs” shall mean all costs, including, but not limited to, direct and indirect costs, that the U.S. EPA incurs after March 31, 2007 in reviewing or developing plans, reports and other items pursuant to this AOC, conducting community relation, verifying the Work, or otherwise implementing, negotiating, overseeing, or enforcing this AOC, including, but not limited to, payroll costs, contractor costs, travel costs, laboratory costs, the costs incurred pursuant to Section IX (Access), Section XII (Emergency Response and

Notification of Releases) or Paragraph 90 (Work Takeover) and including, but not limited to, the cost of attorney time and any monies paid to secure access and/or to secure or implement institutional controls including, but not limited to, the amount of just compensation. Further, Oversight Costs shall include all costs incurred by U.S. EPA in reviewing and considering each of the Sites for inclusion in the Superfund Alternative Sites Program.

“PAHs” shall mean polycyclic aromatic hydrocarbons.

“Paragraph” shall mean a portion of this AOC identified by an Arabic numeral or a letter.

“Parties” shall mean the U.S. EPA and the Settling Respondent.

“Past Response Costs” shall mean all costs, including, but not limited to, direct and indirect costs, that the U.S. EPA incurred at or in connection with any and all of the Sites up to March 31, 2007.

“RPM” shall mean U.S. EPA’s Remedial Project Manager.

“Section” shall mean a portion of this AOC identified by a Roman numeral.

“Settling Respondent” or “Respondent” shall mean Peoples Gas.

“Sites” shall mean: 22nd Street Station (the “22nd Street Station Site”) located at 2200 South Racine Avenue, Chicago, Illinois; North Station (the “North Station Site”) located in the area bounded by North Crosby, West Division, and West Hobbie Streets and the North Branch Canal which is part of the Chicago River system in Chicago, Illinois; Division Street Station (the “Division Street Station Site”) located at 1241 West Division Street, Chicago, Illinois; Crawford Station (the “Crawford Station Site”) located at 3500 South Pulaski Road, Chicago, Illinois; Hawthorne Avenue Station (the “Hawthorne Avenue Station Site”) located on the northwest corner of the intersection of Marcey Street and Willow Street in Chicago, Illinois; Hough Place Station (the “Hough Place Station Site”) located at 2500 S. Corbett Street., Chicago, Illinois; North Shore Avenue Station (the “North Shore Avenue Station Site”) located in the Rogers Park Township of Chicago, Illinois; Pitney Court Station (the “Pitney Court Station Site”) located at 3052 Pitney Court, Chicago, Illinois; South Station (the “South Station Site”) located near the intersection of Eleanor and Loomis Streets in Chicago, Illinois; Throop Street Station (the “Throop Street Station Site”) located at the intersection of South Throop Street, South Eleanor Street, and West 25th Street in Chicago, Illinois; and Willow Street Station (the “Willow Street Station Site”) located west of the intersection of Willow Street and North Kingsbury Street in Chicago, Illinois. These properties are depicted in Appendix 1. At any of the aforementioned properties, the term “Site” shall also be construed to mean nearby areas where hazardous substances, contaminants or pollutants associated with former MGP operations at the Site have come to be located.

“SOW” shall mean the Statement of Work for the Sites which is attached as Appendix 2.

“State” shall mean the State of Illinois.

“SVOC” shall mean semi-volatile organic compounds.

“U.S. EPA” shall mean the United States Environmental Protection Agency and any successor departments or agencies of the United States.

“VOC” shall mean volatile organic compounds

“Waste Material” shall mean (1) any "hazardous substance" under Section 101(14) of CERCLA, 42 U.S.C. § 9601(14); (2) any pollutant or contaminant under Section 101 (33), 42 U.S.C. § 9601(33); and (3) any "solid waste" under Section 1004(27) of RCRA, 42 U.S.C. § 6903(27).

“Work” shall mean all activities Settling Respondent is required to perform under this AOC, except those required by the provisions of Section X dealing with the retention of records.

IV. FINDINGS OF FACT

9. Based on available information, U.S. EPA hereby finds, and, only for purposes of enforceability of this Settlement Agreement, the Respondent stipulates that the factual statutory prerequisites under CERCLA necessary for issuance of this Settlement Agreement have been met.

10. With regard to the 22nd Street Station Site:

a. The Site is located at 2200 South Racine Avenue in Chicago, Illinois. The Site, which is 7.2 acres in size, is bounded to the west by commercial property, to the north by Cermak Road followed by mixed residential and commercial properties, to the east by an electrical substation owned by Commonwealth Edison, and to the south by the South Branch of the Chicago River.

b. The Site is no longer owned by Peoples Gas but is comprised of four parcels, which are currently owned and/or operated by Commonwealth Edison, Throop Realty LLC, Throop Towers, LLC, and Midwest Generation.

c. The Site was initially developed by Peoples Gas in 1862 to produce coal gas. The Site was modified to produce carbureted water gas and oil gas in 1934. Some of the facilities were retired in 1938, and in 1944 two production sets were modified to produce reformed natural gas.

d. Peoples Gas began leasing portions of the Site to Commonwealth Edison in 1931

and sold the last portion of the Site to Commonwealth Edison in 1959. The Site stopped operating in 1958 and the entire plant was dismantled by 1960.

e. Various VOCs, SVOCs, metals, and cyanide were detected in groundwater samples collected at the Site in 2001. The direction of shallow groundwater flow is to the southwest, toward the former Throop's Canal and the South Branch of the Chicago River.

f. The surface soil at the Site is fill material composed primarily of gravel and sand with smaller amounts of silt, clay, brick, cinders, glass, and wood. Coal tar, free product, staining, and odors were observed at various locations during site investigations, and sheens were observed in borings installed in the fill in the former Throop's Canal. Metals (including arsenic, chromium, lead, silver, and selenium), BTEX, and a number of PAHs were detected at concentrations exceeding the Illinois Tier 1 screening levels in soil samples collected at the Site.

g. Sediment samples were collected from a location in the South Branch of the Chicago River about 2,000 feet downstream of the Site in 2000 as part of a U.S. EPA study of sediment contamination. These samples contained high levels of PAHs, PCBs, oil and grease, and metals with the concentrations of these substances generally increasing with depth.

h. A CERCLA preliminary assessment of the Site was conducted by the Illinois EPA in 1988 which recommended further investigation. Site investigations were performed on behalf of Peoples Gas between 2000 and 2002. A Remedial Objectives Report developed for the Site during this period recommended removal of impacted material from a number of on-site locations. In April 2006, remediation activities began on a portion of the Site. Impacted material in the east gas holder has been excavated and removed to a depth of approximately 20 feet. Impacted material in portions of the former Throop's Canal has been excavated and removed to a depth of approximately 30 feet. Remediation of the Site by excavation and off-site disposal of impacted materials is continuing.

i. A RCRA/CERCLA citizen suit regarding this Site was filed on October 31, 2006 and is currently pending.

11. With regard to the North Station Site:

a. The Site is located in the area bounded by North Crosby, West Division, and West Hobbie Streets and the North Branch Canal, which is part of the Chicago River system, in Chicago, Illinois. Land use near the Site is mixed residential and industrial/commercial.

b. The Site consists of three parcels totaling approximately 8 acres. One of the parcels, adjacent to the canal and approximately 1.5 acres in size, is currently owned by La Salle Chestnut LLC. This parcel is currently vacant. Another parcel, approximately 5.5 acres, is currently owned by Commonwealth Edison and contains an electrical substation and associated buildings and towers. The third parcel, north of the LaSalle Chestnut property and less than 1 acre in size, is currently owned by Division Halsted LLC. This property is currently used as a storage yard for construction equipment.

c. The Chicago Gas Light and Coke Company built a facility on the Site in 1868 for the production of coal gas. In 1887, production was converted to water gas. The facility was closed in the early 1960s. The parcel adjacent to the North Branch Canal, currently owned by La Salle Chestnut, was used for coal storage.

d. Groundwater samples collected in 2002 contained cyanide, BTEX, and PAHs at concentrations above Illinois Tier 1 screening levels. The direction of shallow groundwater flow appears to be west/southwest towards the canal.

e. The surface soil at the Site is fill material composed primarily of gravel and sand with smaller amounts of silt, clay, brick, cinders, glass, and wood. Coal tar impacts such as free product, saturated soils, strong odors, and staining have been observed at various locations during Site investigations. Metals (including arsenic, chromium, lead, silver, and selenium), BTEX, PAHs, including naphthalene, benzo(a)pyrene, benzo(a)anthracene, benzo(a)fluoranthene, and dibenzo(a,h)anthracene, and other SVOCs were detected in soil samples at concentrations exceeding the Illinois Tier 1 screening levels.

f. A preliminary site investigation was performed on behalf of Peoples Gas in 1999 and additional investigations were performed in 2001, 2005, and 2006. Additionally, investigations were conducted in the right-of-way around the Commonwealth Edison property in 2001 and 2002. Remediation activities conducted to date on the Commonwealth Edison property have involved limited removal of foundations, a buried tank and piping, and approximately 1,100 cubic yards of impacted soil. Remediation activities have been conducted on the LaSalle Chestnut parcel, the portion of the Site that is closest to the North Branch Canal. Impacted materials have been excavated to depths of up to 10 feet and disposed of off-site.

g. A notice letter under the RCRA/CERCLA citizen suit provisions regarding this Site was sent to Peoples Gas on July 26, 2006. At this time, no action has been filed regarding this Site.

12. With regard to the Division Street Station Site:

a. the Site is located at 1241 West Division Street in Chicago, Illinois. The Division Street Station Site is approximately 15 acres and is bounded to the north by West Division Street, to the south by West Cortez Street, to the west by the Union Pacific Railroad, and to the east and northeast by the North Branch of the Chicago River.

b. The portion of the Site east of Elston Avenue, adjacent to the North Branch of the Chicago River, is now owned by the City of Chicago, Mariners Club, Inc., and Vic Elston LLC. The portion of the Site west of Elston Avenue is currently in use by Peoples Gas as a utility service center.

c. The Site was constructed in 1883 as a gas production and storage facility. Gas production at the plant ended before the on-site structures were dismantled and removed in 1962.

d. Chemicals detected in groundwater samples collected during investigations at the Site include VOCs (primarily BTEX), SVOCs (primarily PAHs), metals (including arsenic and barium), and cyanide. The general direction of groundwater flow at the Site is east toward the North Branch of the Chicago River.

e. The uppermost layer of soil at the Site is miscellaneous fill material composed of fine sand to silty clay with cinders, brick, and other non-native material. Impacted soils were found as early as 1979 when excavation for an addition to the maintenance building led to the discovery of blackish clay soil with an observed inflow of oil into the excavation area. Later, stained soils with strong odors and heavy oil sheens were observed during site investigations.

Samples collected in March 2002 from soil borings and a test trench showed evidence of free phase coal tar product and oily hydrocarbons. The contaminants found in soil samples at levels above screening levels during site investigations are primarily PAHs, including benzo(a)pyrene, benzo(a)anthracene, benzo(a)fluoranthene, and dibenzo(a,h)anthracene. Soil samples collected after the recent remediation exceeded the soil ingestion remediation objectives for PAHs, arsenic, and lead. In addition, the soil inhalation remediation objectives were exceeded for benzene and naphthalene.

f. Environmental conditions at the Site are described in site investigation reports dated 1992, 2002, and 2003. Remediation activities to address impacted materials were conducted in 2005. Areas on site were excavated to at least 3 feet and backfill materials were brought in to replace the excavated materials. After backfilling, an engineered barrier was installed to prevent the further spread of contaminants. Approximately 164,000 tons of excavated material and over 1 million gallons of water associated with the excavation were disposed of as part of the remediation process. Post-remediation sampling data indicates that elevated levels of certain contaminants still exist on site, although barriers are in place to prevent direct contact exposures. In addition, impacted material was left in place between the gas holder wall and the railroad tracks where remediation was deemed impractical.

g. A RCRA/CERCLA citizen suit regarding this Site was filed on October 31, 2006 and is currently pending.

13. With regard to the Crawford Station Site:

a. the Site is located at 3500 South Pulaski Road in Chicago, Illinois. The Site is bounded on the south by the Chicago Sanitary and Ship Canal (the "Canal"), on the north by the Chicago and Illinois Western Railroad, on the west by the Chicago and Western Indiana Belt Line Railroad, and to the east by Pulaski Road.

b. The Site is currently divided into 21 parcels. Parcels A, B, L, and O are currently owned by Peoples Gas. Parcel O is currently used by Peoples Gas as a natural gas regulating and metering facility. Various commercial/industrial buildings and uncovered storage areas exist on the remainder of the Site. The total area of the Peoples Gas parcels is approximately 107 acres. Peoples Gas also leases a portion of Parcel S, which is adjacent to the Canal, from the Metropolitan Water Reclamation District of Greater Chicago. The remaining parcels are owned and/or operated by Commonwealth Edison, Teds Truck Body, Stanley E. Skorusa, EJS Building Corp., LaGrou Cold Storage, Kostner/Chicago LLC, Illinois Central Railroad, First American HFC, Wonderview Corp., UIR Campus & Tower, and RLR Investments.

c. In 1921, the Koppers Company of Pittsburgh and Peoples Gas entered into an agreement whereby Koppers built, financed, and operated a by-product coke plant at the Site. Peoples Gas bought the gas and coke manufactured at the plant for distribution to consumers. Peoples Gas then acquired the facility in 1928. By the late 1930s, the Site produced three types of gas: coke oven gas, carbureted water gas, and reformed natural gas. During the 1930s, several additions and modifications were made to the plant, including construction of a light oil refining plant, addition of liquefied petroleum ("LP") gas peak shaving facilities, and conversion of five of the nine water gas sets to produce reformed natural gas and later oil gas. Production was

halted temporarily between 1958 and 1962 and permanently after 1963. The station was retired in 1965. Dismantling of the station began in 1956 starting with portions of the coke oven plant. The remainder of the station, including the two 10 million cubic feet gas holders, was dismantled in 1965. Peoples Gas sold 146 acres of the Site property to First American Realty Company in 1966.

d. VOCs, PAHs, metals, and cyanide were detected in groundwater samples collected in various locations at the Site. Impacts were observed below the water table at depths of up to 26 feet in various borings advanced in Parcels A, B, L, and O. These impacts include staining, odors, tar saturated soil, and tar in fractures.

e. Based on results from investigations performed to date, the thickness of the fill layer ranges from 0 to 11 feet across the Site. Evidence of impacts, including tar, tar in fractures, tar-coated sand, naphthalene-type odor, and sheen, have been observed at depths of up to 26 feet at various locations at the Site. VOCs, PAHs, metals, and cyanide were detected in soil samples collected in various locations at the Site.

f. A site investigation on Parcel O was undertaken in 2001; on Parcels A and B in 2001 and 2005; and on Parcel L in 2002. Tar impacts were observed on all of these parcels. Approximately 45 cubic yards of impacted soils were removed and disposed of off-site in conjunction with gas pipeline improvements on Parcel O. An investigation of Parcel S began in January 2007.

14. With regard to the Hawthorne Avenue Station Site:

a. The Site is located on the northwest corner of the intersection of Marcey Street and Willow Street in Chicago, Illinois. The Site, which is approximately 4.1 acres in size, is bounded on the northwest by Wisconsin Street, on the southwest by Kingsbury Avenue, on the southeast by Willow Street, and on the northeast by Marcey Street.

b. Peoples Gas currently owns approximately 0.43 acres of the Site. The northwestern portion of the Site is currently owned by Commonwealth Edison and used as a transformer station and equipment storage yard. The southeastern portion of the Site is currently owned by Marcey Properties, LLC ("Marcey") and used for retail purposes (Smith and Hawken and Sam's Wines and Spirits). The Marcey property includes approximately 1.6 acres of land that was formerly part of the Willow Street Station site. Because of their common ownership and use, the portion of the Willow Street Station Site located east of the railroad will be included for purposes of this Settlement Agreement within the Hawthorne Avenue Station Site. The North Branch of the Chicago River is approximately 375 feet west of the Site.

c. The Ogden Gas Company constructed the Site in 1905 for use as a manufactured gas distribution facility. Peoples Gas leased the property from Ogden Gas in 1907, gained control of portions of the company in 1913, and acquired the Ogden Gas Company's remaining assets when Ogden Gas dissolved in 1950. The Hawthorne Avenue gas holder was retired in 1958 and dismantled the following year. Peoples Gas began selling portions of the Site in 1967.

d. Groundwater movement in the shallow glacial aquifer is expected to be westward towards the North Branch of the Chicago River, but groundwater quality data are not available from on-site sampling locations.

e. The surface soil at the Site is fill material that consists primarily of clay, sand, and gravel with smaller amounts of coal, crushed brick, cinders, and wood chips. Staining and odors were reported in soil borings advanced near and inside the footprint of the former gas holder; staining was observed primarily at depths of 7 to 10 feet. Metals, VOCs, PCBs, and PAHs (including naphthalene, benzo(a)pyrene, benzo(a)anthracene, benzo(a)fluoranthene, and dibenzo(a,h)anthracene) were detected in soil samples collected during the 2002 site investigation.

f. Site investigation activities were performed on the Site in 2002, and an action was performed in 2003 and 2005 with the goal of meeting soil cleanup levels for industrial/commercial use. Remediation of this parcel involved excavation of all surface soils (0-3 feet) at the Site, excavation of subsurface soil to depths of up to 8 feet in two small areas, and installation and operation of a soil vapor extraction system. Impacted materials were identified visually during post-remediation soil sampling on this parcel. During excavation, a portion of the 5 million cubic foot gas holder wall was encountered extending out from the northwestern boundary of the Site. An engineered barrier was installed to cover the exposed portion of the gas holder. Conditions on the northwestern parcel, where the majority of the 5 million cubic foot gas holder is located, have not yet been investigated. Part of the southeastern parcel was remediated in 2003 in conjunction with remediation activities on the former Willow Street Station site. This remediation involved excavation of soils to a maximum depth of 12 feet and off-site disposal of approximately 2,560 tons of impacted material. Residual tar-impacted materials were left in place at depths from 6 to 12 feet and a plastic liner was installed before backfilling with flowable fill to prevent migration of tar into the remediated area.

g. A RCRA/CERCLA citizen suit regarding this Site was filed on October 31, 2006 and is currently pending.

15. With regard to the Hough Place Station Site:

a. The Site is located at 2500 S. Corbett St. in Chicago, Illinois. The Site is approximately 4.5 acres and is bounded on the north by the South Branch of the Chicago River, on the south by railroad property, and on the east by a paper storage and distribution facility. The former Site and the adjacent property to the west are currently vacant but were formerly occupied by a sailboat storage, sales, and repair facility (Crowley's Yacht Yard).

b. The Site is currently owned by Crowley's Yacht Yard.

c. The Site was built in about 1885 by the Equitable Gas Light and Fuel Company. In approximately 1892, the facility began producing "Pintsch gas," a relatively high quality gas produced by an oil gas process, for the Pintsch Compressing Company. Production of Pintsch gas appears to have continued into the early 1920s. Peoples Gas acquired the facility in 1897 after the passage of the Gas Consolidation Act of 1897. The station was dismantled in 1934, and all aboveground gas plant structures were removed. Portions of the property were subsequently leased to other companies, who used the property for storage of building materials and for making asphalt, concrete, or other paving materials through at least 1950. Chicago Title and Trust Company, as trustee, took title to the property in approximately 1953. For some period of time between 1953 and 1978, the J.M. Corbett Company operated an asphalt mixing plant on the

property. In 1978 the property was sold to Crowley's Yacht Yard.

d. Water level data suggest that the direction of shallow groundwater flow at the Site is primarily toward the former slips to the east and west, with a northern component toward the South Branch of the Chicago River. BTEX, PAHs, metals, and cyanide were detected in groundwater samples collected at the site in 2000.

e. The Site is underlain by fill material consisting of silty clay mixed with sand and gravel, cinders, slag, brick fragments, and other assorted debris. Staining and odors have been observed in test pits and soil borings in various locations across the Site to depths below the water level. Black, plastic asphalt tar was observed to a depth of two feet in a test pit located in the northwest corner of the Site. BTEX, PAHs, metals and cyanide were detected in several surface and subsurface soil samples at the Site.

f. Several investigations at the Site have been conducted for Peoples Gas in recent years. A site investigation performed in 2000 included completion of test pits and soil borings and installation of shallow monitoring wells. Impacts were observed at various locations on the Site at depths below the water level. Soil samples were collected in June 2001 as part of a supplemental site investigation. Several areas where tar was present at depths below the water table were identified. In September and October of 2006, a geotechnical investigation was conducted in order to design excavations necessary to remediate the Site. Soil borings advanced beyond the eastern Site boundary (in the location of the former Hough Slip) indicated that tar was present at depths below the water level in the filled-in slip. Remediation of the Site is currently under way; this effort involves excavation of impacted material to depths of up to 24 feet and off-site disposal of the excavated materials.

g. A limited investigation of the river area adjacent to the Site was conducted for Peoples Gas in November 2006. Several borings were advanced into river sediments. Impacts in the form of sheens, odor, tar globules, tar-coated or stained material, and traces of tar were observed in some of the borings.

h. A RCRA citizen suit regarding this Site was filed on April 12, 2005 and is currently pending.

16. With regard to the North Shore Avenue Station Site:

a. The Site is located in the Rogers Park Township of Chicago, Cook County, Illinois. The Site occupies three parcels of land totaling approximately 10.2 acres. The Site is bounded to the north by recently-constructed single family homes, to the west by North Kedzie Avenue, to the south by residential properties, and to the east by North Whipple Street. The North Shore Channel of the Chicago River system is approximately 350 feet west of the western property line.

b. The Main Parcel, which encompasses approximately 5.4 acres, is owned by Peoples Gas and is currently used as a natural gas regulator station and as a vehicle maintenance shop and fueling facility for the north district of Chicago. The East Parcel, approximately 3 acres in size, is owned by the Chicago Board of Education and is a vacant lot covered by vegetation and an unused paved entrance to the property. The remaining Pond Parcel, which is owned by Regent Park City Homes and which is currently being developed as residential

property, is approximately 1.8 acres in size.

c. Peoples Gas built the Site and began operating it as a storage facility for manufactured gas in 1926. The gas holder was taken out of service in 1956 for inspection and repairs. The gas holder sealant was changed from tar to oil at this time, and nearly 200,000 gallons of tar were removed from the Site. The gas holder and most of the tar tanks associated with it were removed in 1971. The main gas storage facility buildings are currently used for the sub-shop operations.

d. The direction of shallow groundwater flow in the underlying glacial aquifer is expected to be westward toward the North Shore Channel. Chemicals detected in groundwater samples collected at the Site include barium, cyanide, and PAHs (naphthalene and fluorene). Deeper groundwater conditions at the Site have not been investigated.

e. The surface soil at the Site is fill material that consists primarily of silt and sand with smaller amounts of clay, gravel, and brick. Tar staining was observed in soils below the groundwater level in soil borings installed along the western border of the Site. During subsequent sampling, PAHs were detected in the tar and soil. Metals, cyanide, VOCs (including benzene and chlorinated solvent compounds), and SVOCs (primarily PAHs) were detected in soil samples collected during investigations at the Site. Soils at the Site were remediated in 1997 and 2001.

f. Soils in the northern portion of the Site were removed to address chlorinated solvent impacts from releases on the adjoining property in 1997. Some of the solvent-impacted soils left in place had levels of contamination that exceed the Illinois residential standards, so land use in this portion of the Site is restricted. Further site investigations led to the excavation of approximately 26,000 tons of soils impacted with lead and PAHs in 2001 and 2002. The tar-stained soils observed below the groundwater level in soil borings installed along the western border of the Site were not removed during this remediation effort, which was completed under the Illinois Site Remediation Program.

g. A RCRA/CERCLA citizen suit regarding this Site was filed on October 31, 2006 and is currently pending.

17. With regard to the Pitney Court Station Site:

a. The Site is located at 3052 Pitney Court, at the intersection of Archer Avenue and Pitney Court in Chicago, Illinois. The approximately 4.8 acre Site is bounded to the northwest by Archer Avenue, to the northeast by Pitney Court and 31st Street, to the east by Benson Street, to the south by Chicago Plating, Inc., a chrome plating facility, and to the west by the South Fork of the South Branch of the Chicago River.

b. Peoples Gas owns the Site, which is currently vacant and which will be developed for residential use. The land use in the surrounding area is mixed residential, industrial, and commercial.

c. The Site was formerly used as a production and storage facility for manufactured gas. The Universal Gas Company began gas manufacturing operations at the Site in 1897. Peoples Gas leased the facility from Universal Gas in 1907 and purchased the Universal Gas Company in 1914. Peoples Gas sold the property in 1952 and re-purchased it in July 2005.

The property had a number of owners and was used for a variety of purposes between 1952 and 2005.

d. Based on water level measurements, the groundwater flow is westerly toward the South Fork of the South Branch of the Chicago River. An interlocking sheet pile wall is located along the western side of the Site, adjacent to the South Fork. VOCs, SVOCs (including PAHs), metals, and cyanide have been detected in groundwater samples collected during investigations conducted at various times from 1995 through 2002.

e. Three stratigraphic units have been identified at the Site: a fill unit, a sandy silt unit, and a silty clay unit. Visible evidence of impacts, including coal tar, sheen, and/or staining was observed at depths below the groundwater level in several soil borings and test pits during site investigations. Metals (arsenic and lead), benzene, ethylbenzene, toluene, and a number of PAHs were detected at concentrations exceeding Illinois Tier 1 screening levels in soil samples collected at the Site.

f. Sediment samples were collected in the South Fork near the Site for the U.S. Army Corps of Engineers ("USACE") Chicago District in 2004. These samples contained PAHs, other SVOCs, VOCs, PCBs, oil and grease, and metals. An oily sheen was observed in sediments at two locations near the Site. The USACE findings are consistent with results obtained in earlier studies conducted by the Illinois EPA in 1994, the Metropolitan Water Reclamation District in 1995, and the U.S. EPA in 2000.

g. Conditions on the Site have been investigated by a number of parties since 1990. These investigations have reported subsurface impacts, including coal tar, staining, sheens, and odor, at various locations across the Site, in some cases below groundwater levels. An investigation performed in 1990 noted stained soils in conjunction with UST removal activities, and an investigation performed in 1995 concluded that the Site was impacted by past operations on the basis of detections of benzene and PAHs in soil and groundwater. Surface soil staining and a sheen on ponded surface water were noted in 1998, and tar was observed at depths of up to 20 feet below the water levels in the ground and the adjacent river in 2000. Additional site investigations conducted for Peoples Gas from 2002 through 2006 also found tar at varying depths. Site remediation activities began in 2005 and are continuing. These activities generally involve excavation and off-site disposal of MGP-impacted materials. To date, impacted materials, including tar-saturated material, have been encountered and removed at levels above and below the water table from the center of the Site and along the South Fork, directly behind the sheet pile river wall.

h. Several surface sediment samples collected in the South Fork adjacent to the Site had high fluorescence readings, indicating the presence of coal tar impacts. In addition, hollow stem auger sampling of sediments was also conducted. Tar-saturated sediment was observed in several river boring locations, primarily at the sediment/river bottom interface.

i. A RCRA citizen suit regarding this Site was filed on May 13, 2004. The matter was settled with the court retaining jurisdiction over the settlement.

18. With regard to the South Station Site:

a. The Site is located near the intersection of Eleanor and Loomis Streets in

Chicago, Illinois. The Site encompasses approximately 8.3 acres, with approximately half of the Site owned by Peoples Gas (two parcels comprising 4 acres) and half owned by the City of Chicago (two parcels comprising 4.3 acres). The Site is bounded to the northwest by the South Branch of the Chicago River, to the southeast by Eleanor Street, and to the northeast by Loomis Street.

b. Parcels A and B are owned by Peoples Gas and occupied by a storage warehouse constructed in the early 1970s. Parcels C and D, owned by the City of Chicago, are currently vacant but will be developed into a City park. Land use near the Site is predominantly industrial and residential, with some residences located across Eleanor Street.

c. Peoples Gas built the plant and storage facility in 1874. The Site was used for gas manufacturing operations from 1874 to 1941, when plant operations shifted to the use of natural gas. The plant produced gas by various manufacturing processes over the years: coal gas (1874–1890); carbureted water gas (1890–1934); and oil gas (1934–1941). The plant was used as a reformed natural gas facility from 1941 to 1961. The plant was retired in 1961 and the structures were dismantled during the mid to late 1960s. A portion of the Site was later utilized by a wood pallet manufacturing facility.

d. The apparent direction of shallow groundwater flow is northwest, toward the South Branch of the Chicago River. Groundwater samples collected in 1998 and 1999 contained cyanide, metals, VOCs (including TCE, benzene, and naphthalene), and SVOCs (including PAHs). Most of these chemicals were also detected in groundwater samples collected in 2004 after much of the recent remediation had been completed.

e. Surface soils at the Site consist of silts and clays, which are underlain by glacial drift deposits extending to the bedrock layer. Subsurface investigations were performed during Site investigation activities from 1999 through 2004. Subsurface impacts including free product, coal tar, sheens, strong odors, and staining were observed in soil borings during sampling efforts. Impacted soil was encountered to depths greater than 20 feet below ground surface beneath parts of the Site. Metals, cyanide, PAHs and other SVOCs, and VOCs were detected in soil samples taken in 1999. Chemicals found at concentrations exceeding the Illinois Tier 1 screening levels include benzene, ethylbenzene, naphthalene, styrene, toluene, TCE, xylenes, and chromium. Because soils were not excavated beneath the majority of the building footprint and in other areas of the Site, soils with notable coal tar impacts remain in place.

f. The Site is adjacent to the South Branch of the Chicago River. Sediment samples were collected from a location in the South Branch adjacent to the Site in 2000 as part of U.S. EPA's study of sediment contamination. These samples contained high levels of PAHs, PCBs, oil and grease, and metals; the concentrations of these substances generally increased with depth.

g. Conditions at the Site were investigated for Peoples Gas from 1999 through 2004, and remedial actions were performed from 2001 through 2006. Remediation activities involved removal of contents from underground tanks, demolition and removal of buried structures, excavation of soil to a maximum depth of approximately 30 feet on land, and dredging of impacted sediments from the river. Dredging was necessary to address tar-impacted sediments located near a tar seep and a monitoring well that contained free product. A post-remediation investigation of sediments in the river adjacent to the Site found evidence of residual tar impacts.

h. A RCRA citizen suit regarding this Site was filed on April 12, 2005 and is currently pending.

19. With regard to the Throop Street Station Site:

a. The Site is located at the intersection of South Throop Street, South Eleanor Street, and West 25th Street in Chicago, Illinois. The Site encompasses approximately 15.5 acres and is bounded to the north by the South Branch of the Chicago River, to the south by South Eleanor Street and West 25th Street, to the west by Loomis Street, and to the east by Commonwealth Edison. The western portion of the Site was part of the South Station Site but is included for purposes of this Settlement Agreement in the Throop Street Station Site because of common ownership and use. Land use near the Site is predominantly industrial and residential.

b. The Site is currently owned by Brandenburg Industrial Service Company (“Brandenburg”) and is used as a storage yard for equipment and debris.

c. The Site was constructed in 1892 by Consumers Gas Company as a gas holder facility. Peoples Gas acquired the Site in 1897. The Site operated as a manufactured gas storage and distribution facility. In 1944, a mixing plant was constructed to mix manufactured and natural gas on-site. The station was closed in 1972 and sold to Brandenburg in 1981. All above ground structures associated with the gas holder facility have been demolished.

d. Two soil borings were installed in the southwest corner of the Site on behalf of Peoples Gas. Black, stained soils exhibiting strong odors were observed beneath the water table and a sheen was observed on the groundwater surface. The general direction of groundwater flow at the Site is expected to be north toward the South Branch of the Chicago River. Site-specific groundwater quality data is not available at this time, but contaminants likely to be present in groundwater at the Site include BTEX, PAHs, metals, and cyanide.

e. Limited site investigation activities were conducted in the southwest corner of the Site in March 2001 and in June 2002. No subsurface investigation activities have been conducted at the remainder of the Site. In the southwest corner of the Site, there was the presence of blue-green soils, strong odors, and elevated organic vapor readings in soils. The investigation also revealed the presence of black staining, odors, elevated organic vapor readings, and petroleum sheen on the groundwater surface. Analytical results for soil samples collected in the southwest corner of the Site indicate the presence of elevated concentrations of PAHs. No other soil sampling is known to have been conducted at the Site and no additional information regarding site-specific soil characteristics is known at this time. Other contaminants likely to be present in Site soils include BTEX, PAHs, metals, and cyanide.

f. The Site is adjacent to the South Branch of the Chicago River. Sediment samples were collected from a location in the South Branch approximately 750 feet downstream of the Site in 2000 as part of U.S. EPA’s study of sediment contamination. The conditions in the sediments adjacent to the Site were investigated on behalf of Peoples Gas in 2006. Tar-like impacts were observed in a number of the sediment borings.

g. The on-site environmental investigations performed to date have been limited to a few borings in the southwest corner of the Site in 2001-2002. Conditions in the river adjacent to the Site were investigated by installing borings at selected locations in 2006. Evidence of tar

impacts such as tar globules, sheen, and odor was observed at a number of sediment boring locations. Data obtained with a tar-specific green optical screening tool device indicate the presence of coal tar at several locations, and laboratory analysis of sediment samples found high levels of PAHs.

h. A RCRA citizen suit regarding this Site was filed on April 12, 2005 and is currently pending.

20. With regard to the Willow Street Station Site:

a. The Site is located west of the intersection of Willow Street and North Kingsbury Street in Chicago, Illinois. The Site, which is approximately 3.9 acres in size, is no longer owned by Peoples Gas. The Site is bounded on the west by the North Branch of the Chicago River, on the east by the Chicago, Milwaukee and St. Paul Railroad (which now occupies the right of way formerly occupied by North Kingsbury Street), and on the north by Marcey Properties and to the south by property owned by GI North Property, LLC.

b. Most of the Site (approximately 3.3 acres) is owned by GI North Property, LLC and used as a laydown area for steel. The rest of the Site (approximately 0.6 acres) is part of the property owned by A. Finkl & Sons Company. The land to the east of the Site (across the railroad tracks) is currently owned by Marcey Properties, LLC ("Marcey") and occupied by retail businesses. The Marcey property includes parcels formerly owned by Peoples Gas that were parts of the Willow Street Station Site and the Hawthorne Avenue Station Site.

c. Ogden Gas Company constructed the original station between 1895 and 1897. A coal gasification plant was operated on-site to produce carbureted water gas. Peoples Gas began leasing the Site in 1907 but the facility was shut down from 1910 to 1921. Most of the above-ground structures were dismantled in 1938 and the original gas holders were dismantled in 1944. Portions of the Site were leased or sold to other businesses between 1944 and 1953. Peoples Gas constructed a new gas holder (17 million cubic feet) and began distributing natural gas on the Site in 1953. The new gas holder was closed in 1972. Since 1988, the Site has been owned and managed by the current owners.

d. The available information indicates that groundwater generally flows toward the river, but flow directions are likely determined in part by buried foundations and former roadways. Evidence of impacts observed during site investigations includes sheens and free product. Groundwater samples collected during site investigation activities contained VOCs, PAHs, PCBs, metals, and cyanide.

e. Site soil consists of silty clay overlain by fill material. Staining has been observed in the soils, mostly from the surface to 8 feet bgs. Tar impacts were observed at depths from 4 to 17 feet at one location, and tar-saturated soils have been documented from 12 to 16 feet at another location. Soil samples collected during site investigation activities contained VOCs (mostly BTEX), SVOCs (mostly PAHs), PCBs, cyanide, and metals.

f. Sediment samples were collected from a location in the North Branch of the Chicago River approximately 800 feet downstream from the Site in 2000 as part of U.S. EPA's study of sediment contamination.

g. Site investigations were conducted on behalf of Peoples Gas from 2002 through 2004. A small area of PCB-impacted soil was remediated by excavation in April 2004. More comprehensive remedial operations conducted at the Site from 2004 to 2006 involved excavation to a maximum depth of 20 feet and off-site disposal of approximately 130,600 tons of impacted material. During this remediation, tar was observed along the sheetpile wall that separates the Site from the river and impacted materials were left in place at the limits of the excavations. Conditions in the river adjacent to the Site were investigated by installing borings at selected locations in 2006. Tar was observed on the augers at one boring location in the river and a tar-like odor was noted at another. Data obtained with a tar-specific green optical screening tool device indicate the presence of coal tar at several locations along the sheetpile wall, generally at depths of 6 to 10 feet below the sediment surface. Laboratory analysis of sediment samples collected at these locations found high levels of PAHs.

h. A RCRA citizen suit regarding this Site was filed on August 18, 2006 and is currently pending.

V. CONCLUSIONS OF LAW AND DETERMINATIONS

Based on the Findings of Fact set forth above, U.S. EPA has determined that:

21. Each Site is a "facility" as defined by Section 101(9) of CERCLA, 42 U.S.C. § 9601(9).
22. PAHs, benzene, ethylbenzene, naphthalene, styrene, toluene, TCE, xylenes, PCBs, arsenic, lead and chromium are "hazardous substances" as defined by Section 101(14) of CERCLA, 42 U.S.C. § 9601(14).
23. The Respondent is a "person" as defined by Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).
24. The Respondent is the present "owner" and/or "operator" of the Pitney Court Station Site and of a portion of the South Station, Division Street Station, Crawford Station, Hawthorne Avenue Station and North Shore Avenue Station Sites as defined by Section 101(20) of CERCLA, 42 U.S.C. § 9601(20). Respondent is also either a person who at the time of disposal of any hazardous substances owned or operated the Sites, or who arranged for disposal or transport for disposal of hazardous substances at the Sites. Respondent therefore may be liable under Section 107(a) of CERCLA, 42 U.S.C. § 9607(a).

25. The conditions described in the Findings of Fact above constitute an actual or threatened "release" of a hazardous substance from the Sites into the "environment" as defined by Sections 101(8) and (22) of CERCLA, 42 U.S.C. §§ 9601(8) and (22).

26. The conditions present at the Sites constitute a threat to public health, welfare, or the environment based upon the factors set forth in Section 300.415(b)(2) of the National Oil and Hazardous Substances Pollution Contingency Plan, as amended ("NCP"), 40 CFR § 300.415(b)(2). These factors include, but are not limited to, the following:

- a. actual or potential exposure to nearby human populations, animals, or the food chain from hazardous substances, pollutants or contaminants;

This factor is present at the Sites due to the presence of hazardous substances in the soil exceeding Illinois Tier 1 screening levels. The health concerns at the Sites are related to the fact that workers, visitors or trespassers to the Sites are potentially exposed to contamination.

- b. high levels of hazardous substances or pollutants or contaminants in soils largely at or near the surface, that may migrate;

This factor is present at the Sites due to the existence of elevated concentrations of hazardous substances in the soils at or near the surface that may pose a threat of further migration of contaminated materials due to rain or melting snow. There is also the possibility of airborne migration of hazardous substances attached to dust particles. People and animals coming in contact with contaminated areas could track the hazardous substances to other areas on-site as well as off-site.

- c. other situations or factors that may pose threats to public health or welfare or the environment;

This factor is present at the Sites due to the location of the Sites next to or near the Chicago River. The presence of various hazardous substances at the Sites presents a risk of continued contamination migrating into the Chicago River, thereby impacting the ecological system of the river as well as the recreational use of the river.

27. The actual or threatened release of hazardous substances from the Sites may present an imminent and substantial endangerment to the public health, welfare, or the environment within the meaning of Section 106(a) of CERCLA, 42 U.S.C. § 9606(a).

28. The actions required by this Settlement Agreement, if properly performed, are consistent with the NCP, 40 CFR Part 300, as amended, and with CERCLA, and are reasonable and necessary to protect the public health, welfare, and the environment.

VI. SETTLEMENT AGREEMENT AND ORDER

29. Based upon the foregoing Findings of Fact, Conclusions of Law and Determinations, it is hereby ordered and agreed that Respondent shall comply with the following provisions, including but not limited to all attachments to this Settlement Agreement, and all documents incorporated by reference into this Settlement Agreement, and perform the actions set forth in this Settlement Agreement.

VII. DESIGNATION OF CONTRACTOR, PROJECT COORDINATOR, AND REMEDIAL PROJECT MANAGER

30. Respondent shall perform the actions required by this Settlement Agreement itself or retain a contractor to undertake and complete the requirements of this Settlement Agreement. Respondent shall notify U.S. EPA of Respondent's qualifications or the name and qualifications of such contractor, whichever is applicable, within 30 days of the Effective Date of this Settlement Agreement. Respondent shall also notify U.S. EPA of the name and qualifications of any other contractors or subcontractors retained to perform work under this Settlement Agreement at least 5 business days prior to commencement of such work. U.S. EPA retains the right to disapprove of the Respondent or any of the contractors and/or subcontractors retained by the Respondent. If U.S. EPA disapproves a selected contractor, Respondent shall retain a different contractor within 30 days following U.S. EPA's disapproval, and shall notify U.S. EPA of that contractor's name and qualifications within 30 days of U.S. EPA's disapproval.

31. Within 15 days after the Effective Date of this Settlement Agreement, the Respondent shall designate a Project Coordinator who shall be responsible for administration of all the Respondent's actions required by the Settlement Agreement. Respondent shall submit the designated Project Coordinator's name, address, telephone number, and qualifications to U.S. EPA. U.S. EPA retains the right to disapprove of any Project Coordinator named by the Respondent. If U.S. EPA disapproves a selected Project Coordinator, Respondent shall retain a different Project Coordinator within 15 days following U.S. EPA's disapproval and shall notify U.S. EPA of that person's name and qualifications within 15 days of U.S. EPA's disapproval. Receipt by Respondent's Project Coordinator of any notice or communication from U.S. EPA relating to this Settlement Agreement shall constitute receipt by Respondent.

32. With respect to any proposed contractor, Respondent shall demonstrate that the proposed contractor has a quality management system that is in compliance with ANSI/ASQC E-4-1994, "Specifications and Guidelines for Environmental Data Collection and Environmental Technology Programs," (American National Standard, January 5, 1995), by submitting a copy of the proposed contractor's Quality Management Plan ("QMP"). The QMP should be prepared in accordance with "U.S. EPA Requirements for Quality Management Plans (QA/R-2)" (U.S. EPA/240/B0-1/002), or equivalent documentation approved by U.S. EPA. If at any time Respondent proposes to use a different contractor, Respondent shall notify U.S. EPA at least 5 business days prior to that contractor beginning work under this Settlement Agreement.

33. The U.S. EPA has designated Timothy Prendiville as its Remedial Project Manager ("RPM") for the Sites. Respondent shall direct all submissions required by this Settlement Agreement to the RPM at U.S. EPA, Superfund Division, 77 West Jackson Boulevard, SR-6J, Chicago, Illinois 60604-3590, by certified or express mail. Respondent shall also send a copy of all submissions to Peter Felitti, Assistant Regional Counsel, 77 West Jackson Boulevard, C-14J, Chicago, Illinois, 60604-3590. Respondent is encouraged to make its submissions to U.S. EPA on recycled paper (which includes significant post-consumer waste paper content where possible) and using two-sided copies.

34. U.S. EPA and Respondent shall have the right, subject to the preceding paragraphs, to change their designated RPM or Project Coordinator. U.S. EPA shall notify the Respondent, and Respondent shall notify U.S. EPA, as early as possible before such a change is made, but in no case less than 24 hours before such a change. The initial notification may be made orally but it shall be promptly followed by a written notice within two business days of oral notification.

VIII. WORK TO BE PERFORMED

35. For each identified Site, Respondent shall develop and submit to U.S. EPA an EE/CA Report in accordance with the attached Scope of Work ("SOW") and requirements of this Settlement Agreement. The SOW is incorporated into and made an enforceable part of this Settlement Agreement. Respondent shall submit a copy of all documents to IEPA for its opportunity to comment to U.S. EPA.

36. The EE/CA Reports shall be consistent with, at a minimum, U.S. EPA guidance entitled, "Guidance on Conducting Non-Time Critical Removal Actions Under CERCLA", U.S. EPA/540-R-93-057, Publication 9360.32, PB 93-963402, dated August 1993.

Work Plan and Implementation.

37. In accordance with the schedule in Attachment A to the SOW, Respondent shall submit to U.S. EPA for approval a draft Work Plan for performing the action(s) generally described in Paragraph 35 above. Each draft Work Plan shall provide a description of the actions required by this Settlement Agreement. A Quality Assurance Project Plan ("QAPP") shall be included as part of the Work Plan. The QAPP should be prepared in accordance with "U.S. EPA Requirements for Quality Assurance Project Plans (QA/R-5)" (U.S. EPA/240/B-01/003, March 2001), and "U.S. EPA Guidance for Quality Assurance Project Plans (QA/G-5)" (U.S. EPA/600/R-98/018, February 1998) and subsequent amendments to such guidelines upon notification by U.S. EPA to Respondent of such amendment. Amended guidelines shall apply only to procedures conducted after such notice.

38. U.S. EPA may approve, disapprove, require revisions to, or modify the draft Work Plan in whole or in part. If U.S. EPA requires revisions, Respondent shall submit a revised draft Work Plan in accordance with the schedule in Attachment A to the SOW. Respondent shall implement the Work Plan as approved in writing by U.S. EPA in accordance with the schedule approved by U.S. EPA. Once approved, or approved with modifications, the Work Plan, the schedule, and any subsequent modifications shall be incorporated into and become fully enforceable under this Settlement Agreement.

39. Respondent shall not commence any Work except in conformance with the terms of this Settlement Agreement. Respondent shall not commence implementation of the Work Plan developed hereunder until receiving written U.S. EPA approval pursuant to Paragraph 38. However, no work to be performed under this Settlement Agreement shall replace, terminate or otherwise affect any work that is proceeding at any of the Sites pursuant to any agreements in place before the Effective Date of this Settlement Agreement.

EE/CA Report

40. Pursuant to the schedule set forth in the SOW, the Respondent shall submit to U.S. EPA for approval a separate draft EE and CA Report for each Site that is consistent with this Settlement Agreement and the SOW.

41. U.S. EPA may approve, disapprove, require revisions to, or modify a draft EE or CA Report. If U.S. EPA requires revisions, Respondent shall submit a revised Report incorporating all of U.S. EPA's required revisions in accordance with the schedule in Attachment A to the SOW.

42. In the event of U.S. EPA disapproval of a revised EE/CA Report, Respondent may be deemed in violation of this Settlement Agreement; however, approval shall not be unreasonably withheld by U.S. EPA. In such event, U.S. EPA retains the right to terminate this Settlement Agreement, conduct and complete an EE/CA for the Site in question, and obtain reimbursement for costs incurred in conducting the EE/CA from the Respondent. Disapproval of an EE/CA for one or more Sites does not relieve the Respondent from its obligation to complete and submit an EE/CA for all other Sites unless U.S. EPA has chosen to terminate this Settlement Agreement.

43. Any revised report shall also include the following certification signed by a person who supervised or directed the preparation of that report:

Under penalty of law, I certify that, to the best of my knowledge, after appropriate inquiries of all relevant persons involved in the preparation of this EE/CA Report, the information submitted is true, accurate, and complete.

44. Respondent shall not commence or undertake any actions at the Sites without prior U.S. EPA approval, except this Settlement Agreement will not replace, terminate or otherwise affect any work that is proceeding at any of the Sites pursuant to any agreements in place before the Effective Date of this Settling Agreement.

Health and Safety Plan

45. In accordance with the schedule in Attachment A to the SOW, the Respondent shall submit for U.S. EPA review and comment a plan that ensures the protection of the public health and safety during performance of on-site work under this Settlement Agreement. This plan shall comply with applicable Occupational Safety and Health Administration ("OSHA") regulations found at 29 CFR Part 1910. If U.S. EPA determines it is appropriate, the plan shall also include contingency planning. Respondent shall incorporate all changes to the plan recommended by U.S. EPA, and implement the plan during the pendency of the removal action.

Quality Assurance and Sampling

46. All sampling and analyses performed pursuant to this Settlement Agreement shall conform to U.S. EPA's direction, approval, and guidance regarding sampling, quality assurance/quality control ("QA/QC"), data validation, and chain of custody procedures. Respondent shall ensure that the laboratory used to perform the analyses participates in a QA/QC program that complies with U.S. EPA guidance. Respondent shall follow, as appropriate, "Quality Assurance/Quality Control Guidance for Removal Activities: Sampling QA/QC Plan and Data Validation Procedures" (OSWER Directive No. 9360.4-01, April 1, 1990), and "EPA Guidance for Quality Assurance Project Plans (QA/G-5)" (EPA/600/R-02/009, December 2002)

as guidance for QA/QC and sampling. Respondent shall only use laboratories that have a documented Quality System that complies with ANSI/ASQC E-4 1994, "Specifications and Guidelines for Quality Systems for Environmental Data Collection and Environmental Technology Programs" (American National Standard, January 5, 1995), and "U.S. EPA Requirements for Quality Management Plans (QA/R-2) (U.S. EPA/240/B-01/002, March 2001)," or equivalent documentation as determined by U.S. EPA. U.S. EPA may consider laboratories accredited under the National Environmental Laboratory Accreditation Program ("NELAP") as meeting the Quality System requirements.

47. Upon request by U.S. EPA, Respondent shall have such a laboratory analyze samples submitted by U.S. EPA for quality assurance monitoring. Respondent shall provide to U.S. EPA the quality assurance/quality control procedures followed by all sampling teams and laboratories performing data collection and/or analysis. Respondent shall also ensure provision of analytical tracking information consistent with, at a minimum, OSWER Directive No. 9240.0-2B, "Extending the Tracking of Analytical Services to PRP-Lead Superfund Sites."

48. Upon request by U.S. EPA, Respondent shall allow U.S. EPA or its authorized representatives to take split and/or duplicate samples of any samples collected by Respondent or its contractors or agents while performing work under this Settlement Agreement. Respondent shall notify U.S. EPA not less than 5 business days in advance of any sample collection activity. U.S. EPA shall have the right to take any additional samples that it deems necessary.

Reporting

49. Respondent shall submit a monthly written progress report to U.S. EPA concerning actions undertaken pursuant to this Settlement Agreement, in accordance with the schedule in Attachment A to the SOW, until termination of this Settlement Agreement, unless otherwise directed in writing by the RPM. These reports shall describe all significant developments during the preceding period, including the work performed and any problems encountered, analytical data received during the reporting period, and developments anticipated during the next reporting period, including a schedule of work to be performed, anticipated problems, and planned resolutions of past or anticipated problems.

50. If Respondent owns any portion of the Sites it shall, at least 30 days prior to the conveyance of any interest in real property at the Site, give written notice of this Settlement Agreement to the transferee and written notice of the proposed conveyance to U.S. EPA and the State. The notice to U.S. EPA and the State shall include the name and address of the transferee. The party conveying such an interest shall require that the transferee will provide access as described in Section IX (Access).

Additional Work

51. In the event that the U.S. EPA or the Respondent determines that additional work, including EE/CA support sampling and/or an engineering evaluation, is necessary to accomplish the objectives of the EE/CA Report at any or all of the Sites, notification of such additional work shall be provided to the other party in writing. Any additional work which Respondent determines to be necessary shall be subject to U.S. EPA's written approval prior to commencement of the additional work. Respondent shall complete, in accordance with standards, specifications, and schedules U.S. EPA has approved, any additional work Respondent has proposed, and which U.S. EPA has approved in writing or that U.S. EPA has determined to be necessary, and has provided written notice of pursuant to this paragraph.

Off-Site Shipments

52. All hazardous substances, pollutants or contaminants removed off-site pursuant to this Settlement Agreement for treatment, storage or disposal shall be treated, stored, or disposed of at a facility in compliance, as determined by U.S. EPA, with the U.S. EPA Revised Off-Site Rule, 40 CFR § 300.440, 58 Fed. Reg. 49215 (Sept. 22, 1993).

IX. ACCESS

53. Respondent shall provide or obtain access to the Sites and off-site areas to which access is necessary to implement this Settlement Agreement, and shall provide access to all records and documentation related to the conditions at each Site and the actions conducted pursuant to this Settlement Agreement. Such access shall be provided to U.S. EPA employees, contractors, agents, consultants, designees, representatives, and State of Illinois representatives. These individuals shall be permitted to move freely at the Sites and appropriate off-site areas to which Respondent has access in order to conduct actions which U.S. EPA determines to be necessary. Respondent shall submit to U.S. EPA, upon request/receipt, the results of all sampling or tests and all other data generated by Respondent or its contractor, or on the Respondent's behalf during implementation of this Settlement Agreement.

54. Where work/action under this Settlement Agreement is to be performed in areas owned by or in possession of someone other than Respondent, Respondent shall use its best efforts to obtain all necessary access agreements within 20 business days after the effective date of this Settlement Agreement, as set forth in the SOW or as otherwise specified in writing by the RPM, whichever date is later. Respondent shall immediately notify U.S. EPA if, after using its best efforts, it is unable to obtain such agreements. Respondent shall describe in writing its efforts to obtain access. U.S. EPA may, in its discretion, then assist Respondent in gaining access, to the extent necessary to effectuate the actions described herein, using such means as U.S. EPA deems

appropriate. For this paragraph, "best efforts" shall not include monetary payments at Sites where the current owner is a potentially responsible party. Respondent shall reimburse U.S. EPA for all costs and attorneys fees incurred by the United States in obtaining such access.

X. RECORD RETENTION

55. Respondent shall preserve all documents and information in its possession relating to work performed under this Settlement Agreement, or relating to the hazardous substances found on or released from the Sites, for six years following completion of the actions required by this Settlement Agreement. At the end of this six year period and at least 60 days before any document or information is destroyed, Respondent shall notify U.S. EPA that such documents and information are available to U.S. EPA for inspection, and upon request, shall provide the originals or copies of such documents and information to U.S. EPA. In addition, Respondent shall provide copies of any such non-privileged documents and information retained under this Section at any time before expiration of the six year period at the written request of U.S. EPA. Any information that Respondent is required to provide or maintain pursuant to this Settlement Agreement is not subject to the Paperwork Reduction Act of 1995, 44 U.S.C. §3501 et seq.

56. If Respondent asserts a privilege in lieu of providing documents, it shall provide U.S. EPA with the following: (1) the title of the document, record, or information; (2) the date of the document, record, or information; (3) the name and title of the author of the document, record, or information; (4) the name and title of each addressee and recipient; (5) a description of the contents of the document, record, or information; and (6) the privilege asserted by Respondent. However, no documents, reports, or other information created or generated pursuant to the requirements of this Settlement Agreement shall be withheld on the grounds that they are privileged.

XI. COMPLIANCE WITH OTHER LAWS

57. Respondent shall perform all actions required pursuant to this Settlement Agreement in accordance with all applicable local, state, and federal laws and regulations except as provided in Section 121(e) of CERCLA, 42 U.S.C. § 6921(e), and 40 C.F.R. §§ 300.400(e) and 300.415(j). In accordance with 40 C.F.R. § 300.415(j), all on-site actions required pursuant to this Settlement Agreement shall, to the extent practicable, as determined by U.S. EPA, considering the exigencies of the situation, attain applicable or relevant and appropriate requirements "ARARs" under federal environmental or state environmental or facility siting laws. Respondent shall identify ARARs in the Work Plan subject to U.S. EPA approval.

58. Except as provided in Section 121(e) of CERCLA and the NCP, no permit shall be required for any portion of the activities conducted entirely on-site. Where any portion of the activities requires a federal or state permit or approval, the Respondent shall submit timely applications and take all other actions necessary to obtain and to comply with all such permits or approvals.

59. This Settlement Agreement is not, and shall not be construed to be, a permit issued pursuant to any federal or state statute or regulation.

XII. EMERGENCY RESPONSE AND NOTIFICATION OF RELEASES

60. If any incident, or change to a Site condition, during the activities conducted pursuant to this Settlement Agreement causes or threatens to cause an additional release of hazardous substances from a Site or an endangerment to the public health, welfare, or the environment, the Respondent shall immediately take all appropriate action to prevent, abate or minimize such release or endangerment caused or threatened by the release. Respondent shall also immediately notify the RPM or, in the event of his/her unavailability, shall notify the Regional Duty Officer, Emergency Response Branch, Region 5 at (312) 353-2318, of the incident or Site conditions. If Respondent fails to respond, U.S. EPA may respond to the release or endangerment and reserve the right to recover costs associated with that response.

61. Respondent shall submit a written report to U.S. EPA within 7 business days after each release, setting forth the events that occurred and the measures taken or to be taken to mitigate any release or endangerment caused or threatened by the release and to prevent the reoccurrence of such a release. Respondent shall also comply with any other notification requirements, including those in Section 103 of CERCLA, 42 U.S.C. § 9603, and Section 304 of the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. § 11004.

XIII. AUTHORITY OF THE U.S. EPA REMEDIAL PROJECT MANAGER

62. The RPM shall be responsible for overseeing the implementation of this Settlement Agreement. The RPM shall have the authority vested in a RPM by the NCP, including the authority to halt, conduct, or direct any activities required by this Settlement Agreement, or to direct any other response action undertaken by U.S. EPA or Respondent at the Site. Absence of the RPM from the Site shall not be cause for stoppage of work unless specifically directed by the RPM.

XIV. REIMBURSEMENT OF COSTS

Payment for Past Response Costs.

63. Within 30 days after the Effective Date, Respondent shall pay to U.S. EPA \$11,131.45 for Past Response Costs.

a) The payment will be placed into a special account within the EPA Hazardous Substances Superfund for each Site. The payment will be split equally between the Sites. These funds shall be retained and used by U.S. EPA to conduct or finance Future Response Actions, including but not limited to payment of oversight contractor(s) retained by U.S. EPA, at or in connection with the Site or with any of the Sites covered by this Agreement, or to be transferred by U.S. EPA to the U.S. EPA Hazardous Substance Superfund.

b) Payment shall be made to U.S. EPA by Electronic Funds Transfer ("EFT") in accordance with current EFT procedures that U.S. EPA Region 5 will provide Respondent, and shall be accompanied by a statement identifying the name and address of the party making payment, the site name, U.S. EPA Region 5, and the Site/Spill ID Number.

Payment of Oversight/Future Response Costs.

64. Within 30 days after the Effective Date, Respondent shall pay to U.S. EPA \$110,000 in prepayment of Oversight Costs incurred by U.S. EPA at the Sites.

a) The payment will be placed into a special account within the EPA Hazardous Substances Superfund for each Site. The payment will be split equally among all Sites. These funds shall be retained and used by U.S. EPA to conduct or finance Future Response Actions, including but not limited to payment of oversight contractor(s) retained by U.S. EPA, at or in connection with either Site or any of the Sites covered by this Agreement, or to be transferred by U.S. EPA to the U.S. EPA Hazardous Substance Superfund.

b) Payment shall be made to U.S. EPA by EFT in accordance with current EFT procedures that U.S. EPA Region 5 will provide Respondent, and shall be accompanied by a statement identifying the name and address of the party making payment, the Site name, U.S. EPA Region 5, and the Site/Spill ID Number.

65. Respondent shall pay U.S. EPA all Oversight Costs not inconsistent with the NCP. On a periodic basis, U.S. EPA will send Respondent a bill requiring payment of Oversight Costs,

along with an Itemized Cost Summary, which includes direct and indirect costs incurred by U.S. EPA and its contractors. A separate bill will be sent for each Site. The payment will be placed into a special account within the EPA Hazardous Substances Superfund for each Site. These funds shall be retained and used by U.S. EPA to conduct or finance Future Response Actions, including but not limited to payment of oversight contractor(s) retained by U.S. EPA, at or in connection with the Site or any of the Sites covered by the EE/CA AOC between U.S. EPA and Peoples Gas, or to be transferred by U.S. EPA to the U.S. EPA Hazardous Substance Superfund. Respondent shall make all payments within 30 days of receipt of each bill requiring payment, except as otherwise provided in Paragraph 68 of this Settlement Agreement, according to the following procedures.

a) If the payment amount demanded in the bill is for \$10,000 or greater, payment shall be made to U.S. EPA by Electronics Funds Transfer (“EFT”) in accordance with current EFT procedures to be provided to Respondent by U.S. EPA Region 5. Payment shall be accompanied by a statement identifying the name and address of the party making payment, the Site name, U.S. EPA Region 5, and the Site/Spill ID Number.

b) If the amount demanded in the bill is less than \$10,000, the Settling Respondent may in lieu of the EFT procedures in subparagraph 65(a) make all payments required by this Paragraph by a certified or cashier’s check or checks made payable to “U.S. EPA Hazardous Substance Superfund,” referencing the name and address of the party making the payment, and the U.S. EPA Site/Spill ID Number. Settling Respondent shall send the check(s) to:

U.S. Environmental Protection Agency
Region 5 Superfund Receivable
P.O. Box 371099M
Pittsburgh, PA 15251

For checks sent by express mail:

Mellon Client Service Center
Region 5 Superfund Receivable
ATTN: Shift Supervisor Lockbox 371099M
500 Ross Street
Pittsburgh, PA 15262-0001.

66. Respondent shall simultaneously transmit a copy of the check or bank form for payment by EFT to the U.S. EPA personnel specified in Section XXVI (Submittals/Correspondence).

Payments shall be designated as Oversight Costs with the specific Site's Name and site number and shall reference the payer's name and address.

67. In the event that any payment is not made within the deadlines described above, Respondent shall pay interest on the unpaid balance. The interest shall begin to accrue on the date of the Respondent's receipt of the bill or for Past Response Costs, on the Effective Date of this Settlement Agreement. Interest shall accrue at the rate specified through the date of the payment. Payments of interest made under this paragraph shall be in addition to such other remedies or sanctions available to the U. S. EPA by virtue of Respondent's failure to make timely payments under this Section.

68. Respondent may contest payment of any Oversight Costs billed under Paragraph 65 if it determines that U.S. EPA has made an accounting error or if it believes U.S. EPA incurred excess costs as a direct result of an U.S. EPA action that was inconsistent with the NCP. Such objection shall be made in writing within 30 days of receipt of the bill and must be sent to the U.S. EPA RPM. Any such objection shall specifically identify the contested Oversight Costs and the basis for objection. In the event of an objection, Respondent shall within the 30 day period pay all uncontested Oversight Costs to U.S. EPA in the manner described in Paragraph 65. Simultaneously, Respondent shall establish an interest-bearing escrow account in a federally-insured bank duly chartered in the State of Illinois and remit to that escrow account funds equivalent to the amount of the contested Oversight Costs. Respondent shall send to the RPM a copy of the transmittal letter and check paying the uncontested Oversight Costs, and a copy of the correspondence that establishes and funds the escrow account, including, but not limited to, information containing the identity of the bank and bank account under which the escrow account is established as well as a bank statement showing the initial balance of the escrow account. Simultaneously with establishment of the escrow account, Respondent shall initiate the Dispute Resolution procedures in Section XV (Dispute Resolution). If U.S. EPA prevails in the dispute, within 5 days of the resolution of the dispute, Respondent shall pay the sums due (with accrued interest) to U.S. EPA in the manner described in Paragraph 65. If Respondent prevails concerning any aspect of the contested costs, Respondent shall pay that portion of the costs (plus associated accrued interest) for which they did not prevail to U.S. EPA in the manner described in Paragraph 65. Respondent shall be disbursed any balance of the escrow account. The dispute resolution procedures set forth in this Paragraph in conjunction with the procedures set forth in Section XV (Dispute Resolution) shall be the exclusive mechanisms for resolving disputes regarding Respondent's obligation to reimburse U.S. EPA for its Oversight Costs.

69. If any dispute over costs is resolved before payment is due, the amount due will be adjusted as necessary. If the dispute is not resolved before payment is due, Respondent shall pay the full amount of the uncontested costs as specified above on or before the due date. Within the

same time period, Respondent shall pay the full amount of the contested costs into an interest-bearing escrow account. Respondent shall simultaneously transmit a copy of both checks to the RPM. Respondent shall ensure that the prevailing party in the dispute shall receive the amount upon which it prevailed from the escrow funds plus interest within 20 calendar days after the dispute is resolved.

70. After U.S. EPA issues its Notice of Completion pursuant to Section XXV of this Settlement Agreement and U.S. EPA has performed a final accounting of Future Response Costs, U.S. EPA shall offset the final bill for Future Response Costs by the amount pre-paid by Respondent pursuant to Paragraph 64.

XV. DISPUTE RESOLUTION

The parties to this Settlement Agreement shall attempt to resolve, expeditiously and informally, any disagreements concerning this Settlement Agreement.

71. If the Respondent objects to any U.S. EPA action taken pursuant to this Settlement Agreement, including billings for response costs, the Respondent shall notify U.S. EPA in writing of its objection within 10 calendar days of such action, unless the objection has been informally resolved. This written notice shall include a statement of the issues in dispute, the relevant facts upon which the dispute is based, all factual data, analysis or opinion supporting Respondent's position, and all supporting documentation on which the Respondent relies (hereinafter the "Statement of Position").

72. U.S. EPA and Respondent shall, within 15 calendar days of U.S. EPA's receipt of the Respondent's Statement of Position, attempt to resolve the dispute through formal negotiations (Negotiation Period). The Negotiation Period may be extended at the sole discretion of U.S. EPA. U.S. EPA's decision regarding an extension of the Negotiation Period shall not constitute a U.S. EPA action subject to dispute resolution or a final Agency action giving rise to judicial review.

73. An administrative record of any dispute under this Section shall be maintained by U.S. EPA. The record shall include the written notification of such dispute, and the Statement of Position served pursuant to the preceding paragraph.

74. Any agreement reached by the parties pursuant to this Section shall be in writing, signed by all parties, and shall upon the signature by the parties be incorporated into and become an enforceable element of this Settlement Agreement. If the parties are unable to reach an agreement within the Negotiation Period, U.S. EPA will issue a written decision on the dispute to the Respondent. The decision of U.S. EPA shall be incorporated into and become an enforceable

element of this Settlement Agreement upon Respondent's receipt of the U.S. EPA decision regarding the dispute.

75. Respondent's obligations under this Settlement Agreement shall not be tolled by submission of any objection for dispute resolution under this Section. A dispute at one Site does not toll, alter or in anyway affect work at other Sites. Following resolution of the dispute, as provided by this Section, Respondent shall fulfill the requirement that was the subject of the dispute in accordance with the agreement reached or with U.S. EPA's decision, whichever occurs. No U.S. EPA decision made pursuant to this Section shall constitute a final Agency action giving rise to judicial review.

XVI. FORCE MAJEURE

76. Respondent agrees to perform all requirements under this Settlement Agreement within the time limits established under this Settlement Agreement, unless the performance is delayed by a force majeure. For purposes of this Settlement Agreement, a force majeure is defined as any event arising from causes beyond the control of Respondent or of any entity controlled by Respondent, including but not limited to its contractors and subcontractors, that delays or prevents performance of any obligation under this Settlement Agreement despite Respondent's best efforts to fulfill the obligation. Force majeure does not include financial inability to complete the work or increased cost of performance.

77. Respondent shall notify U.S. EPA orally within 24 hours after Respondent becomes aware of any event that Respondent contends constitutes a force majeure, and in writing within 7 calendar days after the event. Such notice shall: identify the event causing the delay or anticipated delay; estimate the anticipated length of delay, including necessary demobilization and re-mobilization; state the measures taken or to be taken to minimize the delay; and estimate the timetable for implementation of the measures. Respondent shall take all reasonable measures to avoid and minimize the delays. Failure to comply with the notice provision of this Section shall be grounds for U.S. EPA to deny Respondent an extension of time for performance. Respondent shall have the burden of demonstrating by a preponderance of the evidence that the event is a force majeure, that the delay is warranted under the circumstances, and that best efforts were exercised to avoid and mitigate the effects of the delay.

78. If U.S. EPA determines a delay in performance of a requirement under this Settlement Agreement is or was attributable to a force majeure, the time period for performance of that requirement shall be extended as deemed necessary by U.S. EPA. Such an extension shall not alter Respondent's obligation to perform or complete other tasks required by the Settlement Agreement which are not directly affected by the force majeure.

XVII. STIPULATED AND STATUTORY PENALTIES

79. For each calendar day, or portion thereof, that Respondent fails to fully perform any requirement of this Settlement Agreement in accordance with the schedule established pursuant to this Settlement Agreement, the SOW and any approved Work Plan, Respondent shall be liable as follows:

Deliverable/Activity	Penalty for Days 1 - 7	Penalty for > 7 Days
Failure to submit a draft EE/CA Work Plan	\$1,000/day	\$2,500/day
Failure to submit a revised EE/CA Work Plan	\$1,000/day	\$2,500/day
Failure to submit a draft EE and/or CA Report	\$1,000/day	\$2,500/day
Failure to submit a revised EE and/or CA Report	\$1,000/day	\$2,500/day
Late submittal of Progress Reports or other miscellaneous Reports/Submittals	\$250/day	\$500/day
Failure to meet any other scheduled 250/500Deadline in the AOC, SOW, or Work Plans	\$250/day	\$500/day

80. Upon receipt of written demand by U.S. EPA, Respondent shall make payment to U.S. EPA within 20 calendar days and interest shall accrue on late payments in accordance with Section XIV of this Settlement Agreement (Reimbursement of Costs).

81. Even if violations are simultaneous, separate penalties shall accrue for separate violations of this Settlement Agreement. Penalties accrue and are assessed per violation per day. Penalties shall accrue regardless of whether U.S. EPA has notified Respondent of a violation or act of noncompliance. The payment of penalties shall not alter in any way Respondent's obligation to complete the performance of the work required under this Settlement Agreement. Stipulated penalties shall accrue, but need not be paid, during any dispute resolution period concerning the

particular penalties at issue. If Respondent prevails upon resolution, Respondent shall pay only such penalties as the resolution requires. In its unreviewable discretion, U.S. EPA may waive its rights to demand all or a portion of the stipulated penalties due under this Section.

82. The stipulated penalties set forth above shall not be the sole or exclusive remedy for violations of this Settlement Agreement. Violation of any provision of this Settlement Agreement may subject Respondent to civil penalties of up to thirty-two thousand five hundred dollars (\$32,500) per violation per day, as provided in Section 106(b)(1) of CERCLA, 42 U.S.C. § 9606(b)(1). Respondent may also be subject to punitive damages in an amount up to three times the amount of any cost incurred by the United States as a result of such violation, as provided in Section 107(c)(3) of CERCLA, 42 U.S.C. § 9607(c)(3). Should Respondent violate this Settlement Agreement or any portion hereof, U.S. EPA may carry out the required actions unilaterally, pursuant to Section 104 of CERCLA, 42 U.S.C. § 9604, and/or may seek judicial enforcement of this Settlement Agreement pursuant to Section 106 of CERCLA, 42 U.S.C. § 9606.

XVIII. OTHER CLAIMS

83. By issuance of this Settlement Agreement, the United States and U.S. EPA assume no liability for injuries or damages to persons or property resulting from any acts or omissions of Respondent. The United States or U.S. EPA shall not be a party or be held out as a party to any contract entered into by the Respondent or its directors, officers, employees, agents, successors, representatives, assigns, contractors, or consultants in carrying out activities pursuant to this Settlement Agreement. Each party shall bear its own costs and attorneys fees in connection with the action resolved by this Settlement Agreement.

84. Except as expressly provided in Section XIX (Covenant Not To Sue By U.S. EPA), nothing in this Settlement Agreement constitutes a satisfaction of or release from any claim or cause of action against the Respondent or any person not a party to this Settlement Agreement, for any liability such person may have under CERCLA, other statutes, or the common law, including but not limited to any claims of the United States for costs, damages and interest under Sections 106(a) or 107(a) of CERCLA, 42 U.S.C. §§ 9606(a), 9607(a).

85. This Settlement Agreement does not constitute a preauthorization of funds under Section 111(a)(2) of CERCLA, 42 U.S.C. § 9611(a)(2). The Respondent waives any claim to payment under Sections 106(b), 111, and 112 of CERCLA, 42 U.S.C. §§ 9606(b), 9611, and 9612, against the United States or the Hazardous Substance Superfund arising out of any action performed under this Settlement Agreement.

86. No action or decision by U.S. EPA pursuant to this Settlement Agreement shall give rise to any right to judicial review except as set forth in Section 113(h) of CERCLA, 42 U.S.C.

§ 9613(h).

XIX. COVENANT NOT TO SUE BY U.S. EPA

87. In consideration of the actions that will be performed and the payments that will be made by Respondent under the terms of this Settlement Agreement, and except as otherwise specifically provided in this Settlement Agreement, U.S. EPA covenants not to sue or to take administrative action against Respondent pursuant to Sections 106 and 107(a) of CERCLA, 42 U.S.C. §§ 9606 and 9607(a), for the Work required to be performed under this Settlement Agreement set forth in Section VIII, and for Past Response and Oversight Costs. This covenant not to sue shall take effect upon receipt by U.S. EPA of the Past Response Costs and Prepayment of Oversight Costs due under Section XIV of this Settlement Agreement and any Interest or Stipulated Penalties due for failure to pay Past Response Costs and Prepayment of Oversight Costs as required by Sections XIV and XVII of this Settlement Agreement. This covenant not to sue is conditioned upon the complete and satisfactory performance by Respondent of its obligations under this Settlement Agreement, including, but not limited to the Work set forth in Section VIII, and payment of Oversight Costs pursuant to Section XIV. This covenant not to sue extends only to the Respondent and does not extend to any other person.

XX. RESERVATIONS OF RIGHTS BY U.S. EPA

88. Except as specifically provided in this Settlement Agreement, nothing herein shall limit the power and authority of U.S. EPA or the United States to take, direct, or order all actions necessary to protect public health, welfare, or the environment or to prevent, abate, or minimize an actual or threatened release of hazardous substances, pollutants or contaminants, or hazardous or solid waste on, at, or from any of the Sites. Further, nothing herein shall prevent U.S. EPA from seeking legal or equitable relief to enforce the terms of this Settlement Agreement, from taking other legal or equitable action as it deems appropriate and necessary, or from requiring Respondent in the future to perform additional activities pursuant to CERCLA or any other applicable law.

89. The covenant not to sue set forth in Section XIX above does not pertain to any matters other than those expressly identified therein. U.S. EPA reserves, and this Settlement Agreement is without prejudice to, all rights against Respondent with respect to all other matters, including, but not limited to:

a. claims based on a failure by Respondent to meet a requirement of this Settlement Agreement;

- b. liability for costs not included within the definition of Past Response Costs or Oversight Costs;
- c. liability for performance of response action other than the Work;
- d. criminal liability;
- e. liability for damages for injury to, destruction of, or loss of natural resources, and for the costs of any natural resource damage assessments;
- f. liability arising from the past, present, or future disposal, release or threat of release of Waste Materials outside of the Sites; and
- g. liability for costs incurred or to be incurred by the Agency for Toxic Substances and Disease Registry related to the Sites.

90. Work Takeover. In the event U.S. EPA determines that Respondent has ceased implementation of any portion of the Work, is seriously or repeatedly deficient or late in its performance of the Work, or is implementing the Work in a manner which may cause an endangerment to human health or the environment, U.S. EPA may assume the performance of all or any portion of the Work as U.S. EPA determines necessary. If U.S. EPA assumes the work at one Site, this does not relieve the Respondent of its obligations at other Sites. Respondent may invoke the procedures set forth in Section XV (Dispute Resolution) to dispute U.S. EPA's determination that takeover of the Work is warranted under this Paragraph. Costs incurred by the United States in performing the Work pursuant to this Paragraph shall be considered Oversight Costs that Respondent shall pay pursuant to Section XIV (Reimbursement of Costs). Notwithstanding any other provision of this Settlement Agreement, U.S. EPA retains all authority and reserves all rights to take any and all response actions authorized by law.

XXI. COVENANT NOT TO SUE BY RESPONDENT

91. Respondent covenants not to sue and agrees not to assert any claims or causes of action against the United States, or its contractors or employees, with respect to the Work, including, but not limited to:

- a. any direct or indirect claim for reimbursement from the Hazardous Substance Superfund established by 26 U.S.C. § 9507, based on Sections 106(b)(2), 107, 111, 112, or 113 of CERCLA, 42 U.S.C. §§ 9606(b)(2), 9607, 9611, 9612, or 9613, or any other provision of law;

b. any claim arising out of response actions at or in connection with the Site, including any claim under the United States Constitution, the Illinois Constitution, the Tucker Act, 28 U.S.C. § 1491, the Equal Access to Justice Act, 28 U.S.C. § 2412, as amended, or at common law; or

c. any claim against the United States pursuant to Sections 107 and 113 of CERCLA, 42 U.S.C. §§ 9607 and 9613, relating to the Sites.

92. Except as provided in Paragraph 94 of this Section (Waiver of Claims), these covenants not to sue shall not apply in the event the United States brings a cause of action or issues an order pursuant to the reservations set forth in Paragraph 89(b), (c), and (e) - (g), but only to the extent that Respondent's claims arise from the same response action, response costs, or damages that the United States is seeking pursuant to the applicable reservation.

93. Nothing in this Agreement shall be deemed to constitute approval or preauthorization of a claim within the meaning of Section 111 of CERCLA, 42 U.S.C. § 9611, or 40 C.F.R. § 300.700(d).

94. Respondent agrees not to assert any claims and to waive all claims or causes of action that it may have for all matters relating to the Sites, including for contribution, against any person where the person's liability to Respondent with respect to the Sites is based solely on having arranged for disposal or treatment, or for transport for disposal or treatment, of hazardous substances at the Sites, or having accepted for transport for disposal or treatment of hazardous substances at the Sites, if

a. any materials contributed by such person to a Site constituting Municipal Solid Waste ("MSW") or Municipal Sewage Sludge ("MSS") did not exceed 0.2% of the total volume of waste at the Site; and

b. any materials contributed by such person to a Site containing hazardous substances, but not constituting MSW or MSS, did not exceed the greater of i) 0.002% of the total volume of waste at the Site, or ii) 110 gallons of liquid materials or 200 pounds of solid materials.

c. the materials contributed by such person to a Site containing hazardous substances did not exceed the greater of i) 0.002% of the total volume of waste at the Site, or ii) 110 gallons of liquid materials or 200 pounds of solid materials.

d. This waiver shall not apply to any claim or cause of action against any person meeting the above criteria if U.S. EPA has determined that the materials contributed to a Site by such person contributed or could contribute significantly to the costs of response at that Site.

95. Respondent agrees not to assert any claims and to waive all claims or causes of action that it may have for all matters relating to a Site, including for contribution, against any person that has entered into a final *de minimis* settlement under Section 122(g) of CERCLA, 42 U.S.C. § 9622(g), with U.S. EPA with respect to a Site as of the Effective Date.

XXII. CONTRIBUTION

96. The Parties agree that this Settlement Agreement constitutes an administrative settlement for purposes of Section 113(f)(2) of CERCLA, 42 U.S.C. § 9613(f)(2), and that Respondent is entitled, as of the Effective Date, to protection from contribution actions or claims as provided by Sections 113(f)(2) and 122(h)(4) of CERCLA, 42 U.S.C. §§ 9613(f)(2) and 9622(h)(4), for “matters addressed” in this Settlement Agreement. The “matters addressed” in this Settlement Agreement are the Work required under this Settlement Agreement and as described in Section VIII, Past Response Costs and Oversight Costs.

97. The Parties agree that this Settlement Agreement constitutes an administrative settlement for purposes of Section 113(f)(3)(B) of CERCLA, 42 U.S.C. § 9613(f)(3)(B), pursuant to which the Respondent has, as of the Effective Date, resolved its liability to the United States for the Work required under this Settlement Agreement and Past Response Costs and Oversight Costs.

98. Except as provided in Section XXI, Paragraphs 94 and 95 of this Settlement Agreement (Non-Exempt De Minimis, De Minimis and MSW Waivers), nothing in this Settlement Agreement precludes the United States or Respondent from asserting any claims, causes of action, or demands for indemnification, contribution, or cost recovery against any person not a party to this Settlement Agreement. Nothing herein diminishes the right of the United States, pursuant to Section 113(f)(2) and (3), 42 U.S.C. § 9613(f)(2) and (3), to pursue any such persons to obtain additional response costs or response action, and to enter into settlements that give rise to contribution protection pursuant to Section 113(f)(2) of CERCLA, 42 U.S.C. § 9613(f)(2).

XXIII. INDEMNIFICATION

99. Respondent agrees to indemnify, save and hold harmless the United States, its officials, agents, contractors, subcontractors, employees and representatives from any and all claims or causes of action: (A) arising from, or on account of, acts or omissions of Respondent and Respondent's officers, heirs, directors, employees, agents, contractors, subcontractors, receivers, trustees, successors or assigns, in carrying out actions pursuant to this Settlement Agreement; and (B) for damages or reimbursement arising from or on account of any contract, agreement, or arrangement between Respondent and any persons for performance of work on or relating to the

arrangement between Respondent and any persons for performance of work on or relating to the Sites including claims on account of construction delays. Nothing in this Settlement Agreement, however, requires indemnification by Respondent for any claim or cause of action against the United States based on negligent action taken solely and directly by U.S. EPA (not including oversight or approval of plans or activities of the Respondent).

XXIV. MODIFICATIONS

100. Except as otherwise specified in Sections VIII (Work To Be Performed), if any party believes modifications to any plan or schedule are necessary during the course of this project, it shall conduct informal discussions regarding such modifications with the other party. Any agreed-upon modifications to any plan or schedule shall be memorialized in writing within 7 business days; however, the effective date of the modification shall be the date of the RPM's oral direction. Any other requirements of this Settlement Agreement may be modified in writing by mutual agreement of the parties. Any modification to this Settlement Agreement shall be incorporated into and made an enforceable part of this Settlement Agreement.

101. If Respondent seeks permission to deviate from any approved plan or schedule, Respondent's Project Coordinator shall submit a written request to U.S. EPA for approval outlining the proposed modification and its basis.

102. No informal advice, guidance, suggestion, or comment by U.S. EPA regarding reports, plans, specifications, schedules, or any other writing submitted by the Respondent shall relieve Respondent of its obligations to obtain such formal approval as may be required by this Settlement Agreement, and to comply with all requirements of this Settlement Agreement unless it is formally modified.

XXV. NOTICE OF COMPLETION

103. When U.S. EPA determines that all Work has been fully performed in accordance with this Settlement Agreement, except for certain continuing obligations required by this Settlement Agreement (e.g., record retention, payment of costs), U.S. EPA will provide written notice to the Respondent. If U.S. EPA determines that any activities have not been completed in accordance with this Settlement Agreement, U.S. EPA will notify the Respondent, provide a list of the deficiencies, and require that Respondent modify the revised EE/CA Report if appropriate to correct such deficiencies. The Respondent shall implement the modified and approved revised EE/CA Report and shall submit a modified final report in accordance with the U.S. EPA notice.

Steven Matuszak
Manager, Environmental Services
Integrays Business Support
130 East Randolph Drive
Chicago IL 60601

Copies to:

Stephen H Armstrong
Ungaretti & Harris LLP
3500 Three First National Plaza
Chicago IL 60602

Submissions to U.S. EPA shall be addressed to:

Remedial Project Manager
U.S. EPA - Region 5
77 West Jackson Boulevard, SR-6J
Chicago, Illinois 60604-3590

With copy to:

Peter Felitti
Assistant Regional Counsel
U.S. EPA - Region 5
77 West Jackson Boulevard, C-14J
Chicago, Illinois 60604-3590

XXVII. SEVERABILITY/INTEGRATION/APPENDICES

105. If a court issues an order that invalidates any provision of this Settlement Agreement or finds that Respondent has sufficient cause not to comply with one or more provisions of this Settlement Agreement, Respondent shall remain bound to comply with all provisions of this Settlement Agreement not invalidated by the court's order.

106. This Settlement Agreement and its appendices constitute the final, complete and exclusive agreement and understanding among the Parties with respect to the settlement embodied in this Settlement Agreement. The parties acknowledge that there are no representations, agreements or understandings relating to the settlement other than those expressly contained in this Settlement Agreement. The following appendices are attached to and incorporated into this Settlement Agreement:

Appendix 1- Map of the Sites
Appendix 2- Statement of Work

XXVIII. FINANCIAL ASSURANCE

107. Within sixty (60) days after the Effective Date of this Settlement Agreement and every year thereafter until notice of completion of work under Section XXV, the Respondent shall demonstrate to U.S. EPA that it meets one of the financial assurance mechanisms specified in 40 C.F.R. § 264.143 for the sufficient estimated costs of work to be performed by the Respondent under this Settlement Agreement.

XXIX. EFFECTIVE DATE

108. This Settlement Agreement shall be effective upon signature by the Director, Superfund Division, U.S. EPA Region 5.

Agreed this _____ day of _____, 2007.

BY: 
Peoples Gas
Desiree G. Rogers, President

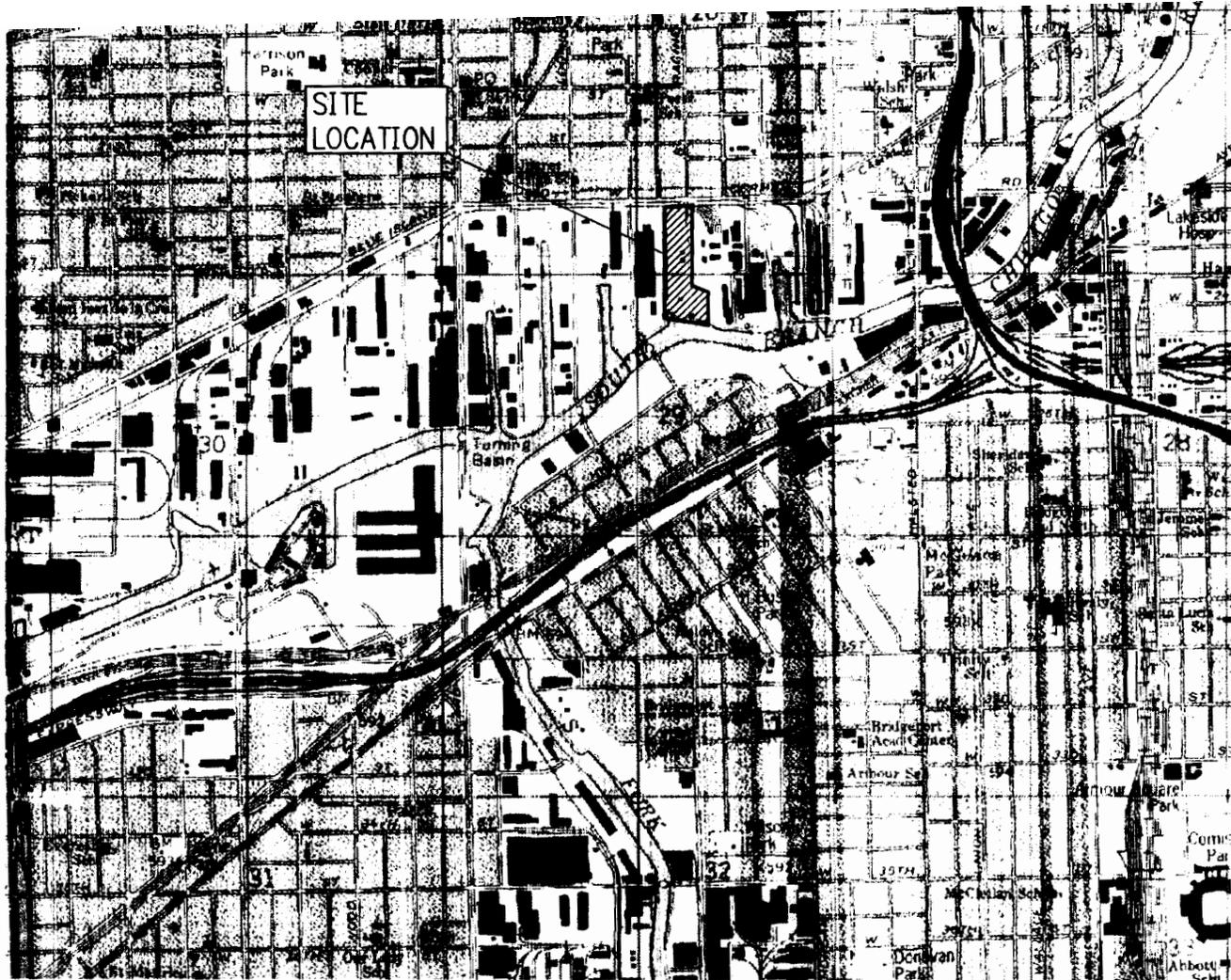
DATE:

IT IS SO ORDERED AND AGREED

BY: 
Richard C. Karl, Director
Superfund Division
United States
Environmental Protection Agency
Region 5

DATE: 6-5-07

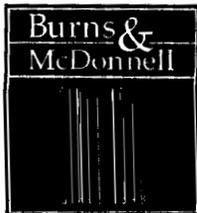
APPENDIX 1



1,000 0 1,000

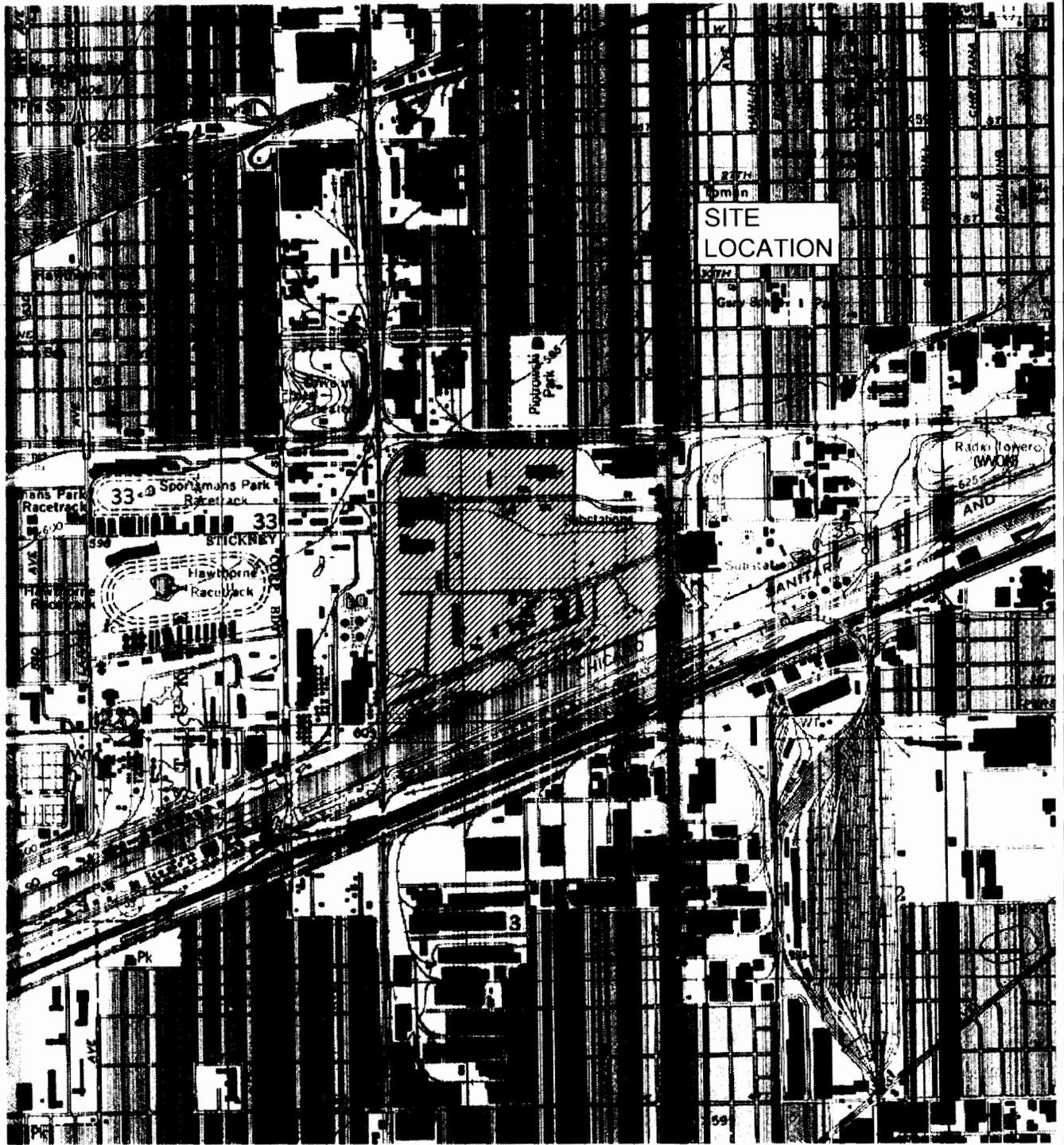


SCALE IN FEET



SITE LOCATION MAP
FORMER 22ND STREET STATION
CHICAGO, ILLINOIS

I:\PEOPLES GAS\SAS INITIATIVE\ADMIN ORDER ON CONSENT\SITE LOCATION MAPS\CRAWFORD SITE LOCATION



2000 0 2000 4000

APPROXIMATE SCALE IN FEET

**Burns &
McDonnell**
SINCE 1920

SITE LOCATION MAP
FORMER CRAWFORD MGP STATION
CHICAGO, ILLINOIS



2,000 0 2,000
APPROXIMATE SCALE IN FEET



SITE LOCATION MAP
FORMER DIVISION STREET STATION
CHICAGO, ILLINOIS

