

STEAKS & SPIRITS

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ON THIS YEAR'S PHIL'S 50?



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Chicago Tribune



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WEDNESDAY, SEPTEMBER 27, 2017

BREAKING NEWS AT CHICAGOTRIBUNE.COM

GOP tees up big business tax cut

Details on plan for individuals unclear in Republican plan

BY JIM PUZZANGHERA
AND LISA MASCARO
Washington Bureau

WASHINGTON — Businesses would receive huge tax cuts and many middle-class Americans would see relief under a tax overhaul outline agreed to by President Donald Trump and top congressional Republicans, according to people familiar with the plan.

But many of the specifics, such as whether the individual tax cuts would favor the wealthy, are still to be worked out.

After months of high-level negotiations, Trump will pitch what the party is calling its “unified tax reform framework” during a speech in Indianapolis on Wednesday. Crucial details still must be worked out by lawmakers as they try to craft legislation and pass it by the end of the year.

Republican leaders have acknowledged that the plan, if enacted, initially

would add to the budget deficit. They claim that stronger economic growth spurred by the tax cuts eventually would offset the deficit increase. Based on experience with past tax cuts, Democrats challenge that.

According to people familiar with the plan, it calls for slashing the 35 percent U.S. corporate tax rate to 20 percent. That's not as low as the 15 percent Trump wanted, but is still a gigantic reduction, to the lowest top rate since 1940. The United States no long-

er would tax most foreign earnings.

Businesses have been lobbying heavily for a reduction in the corporate rate. It is the highest rate among developed nations, although many companies pay a lower rate, if any tax at all, by using loopholes and deductions.

So-called pass-through businesses that pay taxes through the individual code — from mom-and-pop operations to large partnerships such as law

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GOP kills vote on health bill

Bid short of votes; leaders not giving up on ACA repeal

BY LISA MASCARO
AND NOAM N. LEVEY
Washington Bureau

WASHINGTON — Members of Congress searched for a way forward on health care legislation Tuesday, but as they did, the wreckage of the latest Republican plan to repeal the Affordable Care Act continued to threaten to block the way for bipartisan progress.

Senate Republicans, emerging from their weekly policy lunch Tuesday, said they would not move ahead with a vote on the most recent repeal legislation, sponsored by Republican Sens. Bill Cassidy of Louisiana and Lindsey Graham of South Carolina. The public opposition from three Republican senators — John McCain of Arizona, Rand Paul of Kentucky and Susan Collins of Maine — had doomed that bill to defeat.



ANDREW HARNIK/AP

Sen. Lindsey Graham, R-S.C., and Majority Leader Mitch McConnell, R-Ky., speak to reporters.

“We’re not going to be able to do that this week,” said Senate Majority Leader Mitch McConnell, R-Ky. But, he added, “we haven’t given up on changing the American health care system.”

McConnell, Graham and other leading Republicans insisted the repeal effort would be revived later, likely next year.

“We’re going to fulfill our promise,” Graham

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JOE RAEDLE/GETTY

DIRE DAYS FOR PUERTO RICO

Noelia Torres and Orlando Liam Bear, 1, wait in line to clear security to catch a flight from San Juan, Puerto Rico, to Orlando, Fla. Flights off the islands have been spotty in the aftermath of Hurricane Maria. Along with the lack of electricity, residents on the island have been dealing with dwindling availability of drinking water, scarcity of food and slow relief coming from outside. **Nation & World**, Page 11

Rauner's EPA seeks to ease coal plant rules

Rescue plan could increase pollution

BY MICHAEL HAWTHORNE | Chicago Tribune

In a move that could lead to dirtier air in Chicago and other downwind communities as far away as New York, Gov. Bruce Rauner's administration is pushing to overhaul stringent limits on lung-damaging pollution from some of the last coal-fired power plants in Illinois.

Proposed amendments to state rules would scrap limits on the rate of pollution from a fleet of eight coal plants in central and southern Illinois owned by Dynegy Inc. Instead, the state would impose annual caps on tons of

sulfur dioxide and nitrogen oxide emitted by the fleet — a subtle but significant change that could stall or reverse efforts to reduce Dynegy's contributions to smog, soot and acid rain.

Drafted with extensive input from the company's Chicago-based attorneys, the proposed pollution caps are significantly higher than what Dynegy's fleet emitted during each of the past two years, according to a Tribune analysis of federal pollu-

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Saudi Arabia agrees to lift nation's driving ban on women

Nation & World, Page 11

Glass-topped boat cruises coming to Chicago River

Business

Duckworth won't endorse a candidate for governor

Democratic U.S. Sen. Tammy Duckworth also expressed frustration with President Donald Trump and her hopes for a health care compromise in an interview with the Tribune on Tuesday. **Chicagoland**, Page 7



CHRIS SWEDA/CHICAGO TRIBUNE

Niles North's football team waits to take the field at Prospect High in Mount Prospect for a game in 2016.

2 football programs suspended — for very different reasons

Officials at Whitney Young Magnet High School and Niles North High School cited student safety as a reason behind their separate announcements this week that they are suspending their varsity football programs at the height of the fall season.

But the similarities between the cases seem to end there. Leaders at the Chicago magnet school said they've halted the program because they no longer have enough players to field a team because of injuries and academic ineligibility. But at the north suburban school, an abrupt suspension of the varsity program resulted from a “possible hazing incident” that police are now investigating. **Stories in Chicagoland**, Page 8



Tom Skilling's forecast High 73 Low 54

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Complete forecast on back of A+E

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E. JASON WAMBSGANS/CHICAGO TRIBUNE PHOTOS 2012

A state official said Illinois seeks to help struggling Dynegy coal plants, but an environment group leader said proposed rule changes would let Dynegy off the hook on pollution controls.

Illinois effort could cost air quality

Pollution, from Page 1

tion data.

Alec Messina, director of the Illinois Environmental Protection Agency, said the goal is to keep the financially struggling coal plants open by giving Houston-based Dynegy more flexibility to operate individual generating units, several of which are not equipped with modern pollution controls. Before joining the Rauner administration, Messina worked as a lobbyist for a trade group that represents the company's interests in Illinois.

State standards would still be tougher than federal requirements, Messina said, and company spokeswoman Meredith Moore noted emissions could still increase if the state's rate-based limits were kept in place.

But if a state rule-making panel approves the proposed changes, expected to be formally introduced this month, the new limit on sulfur dioxide would be nearly double what Dynegy's existing fleet emitted last year and higher than every year since 2012, according to the Tribune's analysis. The cap on nitrogen oxide emissions would be 79 percent higher than what came out of the smokestacks in 2016.

In an Aug. 25 letter to the state EPA, Attorney General Lisa Madigan's office questioned why the new regulations are necessary unless Dynegy plans to operate its dirtier coal plants more frequently and its cleaner plants less often.

The proposed pollution caps are set so high that the state would end up encouraging Dynegy to pollute more, Madigan's office said.

"We want to make sure the public is getting the full benefit of the pollution standards the company agreed to meet," James Gignac, Madigan's environmental counsel, said in an interview. Changing the standard now could roll back years of progress, he said.

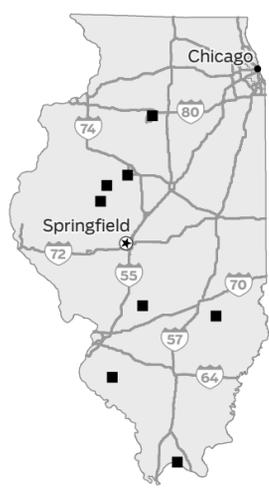
Dynegy also secured a provision that would keep the pollution caps fixed at the same amounts — 55,000 tons of sulfur dioxide and 25,000 tons of nitrogen oxide annually — even if it decided to shut down individual generating units or scuttle entire plants.

An EPA draft would have automatically tightened limits on Dynegy's fleet to reflect plant closings, according to emails obtained by the nonprofit Environmental Law and Policy Center and shared with the Tribune. Chicago attorney Renee Cipriano, a former Illinois EPA director who represents Dynegy and other companies she once regulated, lined out or replaced language in the

Different rules, more pollution?

If new regulations proposed by Gov. Bruce Rauner's administration are approved, the eight Illinois coal plants owned by Dynegy Inc. would be allowed to emit far more pollution than they have in recent years.

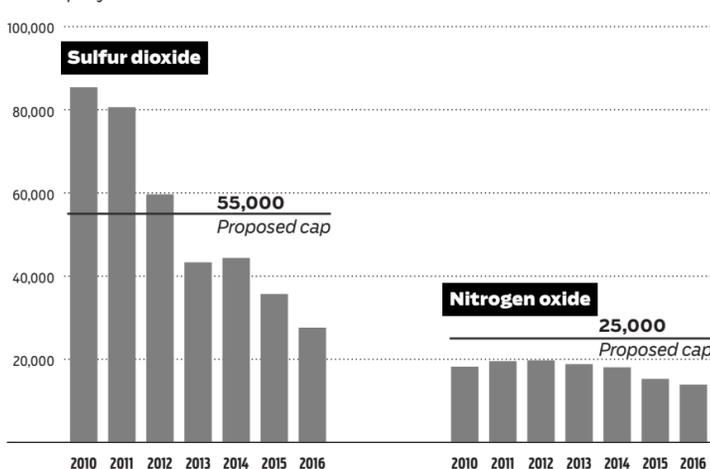
■ DYNEGY COAL PLANTS



SOURCE: U.S. Environmental Protection Agency Acid Rain Database

TOTAL POLLUTION AT THESE FACILITIES

In tons per year



CHICAGO TRIBUNE



Freight cars bring Wyoming coal to an Illinois Dynegy plant in 2012. Dynegy, based in Houston, became Illinois' largest producer of coal-fired electricity in 2013.

state's draft, the emails show.

"We are making those types of tweaks to the rule language, so hopefully they address your issues," Dana Vetterhoffer, an EPA attorney, responded in a May 31 email to Cipriano. "OK great," Cipriano wrote back four minutes later.

Howard Learner, the environmental group's president, said the changes would allow Dynegy to avoid installing pollution controls at its dirtiest plants and turn off the equipment at others.

"The company's strategy is to run these plants on the cheap for as long as possible, like an old Chevy beater," Learner said. "If the Rauner administration goes ahead with this, they're effectively passing on the health costs of Dynegy's pollution to the rest of Illinois and beyond."

Moore, the Dynegy spokeswoman, said in an email to the Tribune that swapping the state's current system for caps on the fleet's emissions "would

mean real environmental benefits."

The EPA director echoed the company's comments. "For the first time there is a cap on this fleet. That's a big deal," said Messina, who took over the state agency last year after serving as a top aide in Rauner's office. He previously was a lobbyist for the Illinois Environmental Regulatory Group, an association that represents industries subject to state pollution regulations.

Dynegy doubled down on coal after emerging from bankruptcy five years ago. Like other coal-dependent energy companies, the firm has found it increasingly difficult to cash in on its bet as a surge of cleaner-burning natural gas and pollution-free wind power drove down the wholesale cost of electricity.

As a result, Dynegy has been trying to cut costs at power plants that are being priced out of energy markets.

During the past year the company has shuttered its Wood River plant near Al-

ton, scrapped a unit at its Newton plant in Jasper County and announced plans to mothball two of the three units at its Baldwin plant in Randolph County. Baldwin and Wood River were equipped with pollution controls, and the company had started upgrading the Newton unit before abandoning the project.

Built in the 1950s, '60s and '70s, the Dynegy plants for years were exempt from the toughest provisions of the federal Clean Air Act. But laws and regulations became steadily tougher during the past two decades as scientists documented how pollution drifting from coal plants can trigger lung and heart disease and lead to early deaths far away from the smokestacks.

Burning coal to generate electricity also is contributing to climate change. Dynegy's Illinois plants emitted more than 32 million tons of heat-trapping carbon dioxide last year, an amount equivalent to the tailpipe exhaust of 6 million cars.

Dynegy became the state's largest producer of coal-fired electricity in 2013 when it acquired five plants from St. Louis-based Ameren Corp. Both companies had earlier agreed to meet the state's rate-based pollution standards, which gradually became more stringent over the past decade and were designed to force power companies to clean up coal plants faster than federal regulations require.

Ensuring compliance was relatively easy at the three plants Dynegy owned before the Ameren deal. A federal legal settlement required the company to upgrade the Baldwin plant and the Havana plant in Mason County with equipment that significantly reduced emissions of sulfur dioxide, nitrogen oxide and mercury, a potent neurotoxin.

Under state regulations, the two coal plants and a third one in Putnam County are limited to an annual average of 0.19 pounds of sulfur dioxide per million BTUs (British thermal units) of energy generated. The limit for the five former Ameren plants is 0.23 pounds per million BTUs, also averaged across the entire fleet.

Both groups of coal plants met the targets last year. But the average rate of sulfur dioxide from the four cleanest plants was 0.05 pounds per million BTUs. The average rate from the rest: 0.43.

Improvements in pollution control are the main reason why the combined amount of sulfur dioxide emitted by the eight Illinois plants now owned and operated by Dynegy dropped 68 percent between 2010 and 2016. During the same period, the amount of electricity generated by the plants dropped by 26 percent.

"This rule change ... would give Dynegy free rein to run its dirtiest plants without meaningful limits, putting communities at risk," said Henry Henderson, Midwest director of the nonprofit Natural Resources Defense Council.

Just three years ago, Dynegy CEO Robert Flexon described attempts by competitors to delay environmental improvements as the "wrong behavior." "Either invest or retire," he told the Tribune at the time.

Since then electricity prices have stayed low, making it more difficult for the company to profit from some of its plants. And installing and operating pollution controls costs money.

None of the Dynegy plants burns Illinois coal; the company ships its fuel by train from Wyoming mines that produce coal with a lower sulfur content. But the company employs about 1,000 people in Illinois and the power plants contribute to the tax base of local communities, making their survival a potent campaign issue as Rauner seeks re-election next year.

The push to change state regulations for Dynegy emerged from discussions about a 2016 energy bill that subsidized Chicago-based Exelon, a competitor that had threatened to close money-losing nuclear plants in the Quad Cities and Clinton. Though Rauner and state lawmakers rejected Dynegy's bid for its own state subsidies, emails show Messina had been discussing other options with the company's top lobbyist since at least November.

Efficiency standards in the new law, combined with state requirements to boost generation of wind power and other forms of renewable energy, promise to further erode the once-dominant position of coal in Illinois.

Dynegy says the Exelon deal scrambled an already volatile market governed by complex electricity auctions, which set prices lower than the amount Dynegy needs to recoup the cost of operating its coal plants.

Environmental groups contend it isn't the EPA's job to assist Dynegy, pointing to a state law requiring the agency to improve air quality "to protect health, welfare, property and the quality of life."

"Now isn't the time to go backward," said Brian Urbaszewski, director of environmental health for the Respiratory Health Association of Metropolitan Chicago. "The state shouldn't be putting profits ahead of public health and erasing all the gains we've made."

mhawthorne@chicagotribune.com
Twitter @scribtegy