

ALEXANDRIA

Gazette Packet

25 CENTS

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VOL. CCXX, No. 8

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Trust, But Verify

City to monitor
Mirant's pollution
compliance.

BY CARLA BRANCH
GAZETTE

Mirant Mid-Atlantic has entered into a consent decree with the Virginia Department of Environmental Quality, Maryland's Department of the Environment, the U.S. Environmental Protection Agency and the U.S. Department of Justice to correct emission violations at its Potomac River plant in Alexandria.

The consent decree stems from a notice of violation that the VDEQ issued against Mirant in September, 2003, for exceeding the Potomac River's permit limit for nitrogen oxide emissions. The settlement requires improved pollution control technology and reduction of nitrogen oxide emissions, which contribute to ozone pollution at the coal-fired plant. It also requires Mirant to make similar improvements at three larger coal-fired plants in Maryland.

Del. Marian Van Landingham (D45) was pleased. "WE tried to get legislation passed and will continue to do so but VDEQ deserves the credit for this action," she said. "Given the circumstances, VDEQ got the best agreement possible for the region."

VDEQ director Robert G. Burnley agreed.

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A view into the
Mirant plant
from the group
at Marina
Towers.



PHOTO BY LOUISE KNAFT/GAZETTE

City To Monitor Mirant

FROM PAGE 1

"This is an important agreement that will bring much cleaner air to Alexandria and Northern Virginia, Maryland and the District of Columbia," he said. "Virginia's leadership in resolving this complex case means we will see significant improvements at four power plants in the region, to the benefit of millions of people."

THE AGREEMENT REQUIRES that, by 2010, nitrogen oxide emissions during the May-September ozone season will decline from 2002 levels of 2100 tons to 1475 tons at the Potomac River plant in the city. This facility is also required to install state-of-the-art pollution control equipment. Also, by 2010, nitrogen oxide emissions during ozone season will drop from the 2002 level of 19,249 tons per year to 5,200 tons from the four Mirant plants combined. Year-round, nitrogen oxide emissions will decline from 45,000 tons to 16,000 tons.

The three Maryland plants currently have no nitrogen oxide limits. The consent decree imposes limits on these plants and the Alexandria plant during ozone season and on an annual basis.

The air quality improvements must be made at the Mirant facilities, not through trading of emission credits. This will ensure that these air quality improvements focus specifically on the metro region.

The large reductions in nitrogen oxide emissions will help improve water quality in the Chesapeake Bay and its tributaries by lowering the amount of airborne nitrogen that contributes to nutrient pollution in the water.

Mirant will complete several environmental projects at the Potomac River plant, at a total cost of at least \$1 million, to reduce pollution from airborne particles. These projects are expected to reduce particle pollution by more than 47 tons annually from the Alexandria plant's ash silos, trucks, coal piles and other equipment. The projects are being developed in cooperation with the city. Mirant will pay a civil penalty of \$500,000 to be divided evenly between Virginia and the United States.

"We really wanted an independent entity to conduct these projects," said Richard Baier, the city's director of Transportation and Environmental Services. "However, Mirant will have responsibility for hiring a consultant and overseeing the process. We will hire our own consultant to monitor the modeling and the testing."

"MIRANT CAUTIONS that there can be no assurance that such results will occur and that there are various important factors that could cause actual results to differ materially indicated in the forward-looking statements such as but not limited to (I) Changes in government regulations (including environmental regulations); (II) the effects of the Chapter 11 proceedings on our liquidity and results of operations; (III) Mirant's ability to comply with the terms of the agreement; (IV) the instructions, orders and decisions of the bankruptcy court; (V) potential business strategies, including acquisitions or dispositions of assets that Mirant may pursue; (VI) political, legal, market and economic conditions and developments in Mirant's markets; (VII) timely

completion of financing structure for changes and financial market conditions; (VIII) weather and other natural phenomena; (IX) the performance of Mirant projects and investments; (X) timely completion of applicable permitting requirements and regulatory approvals; and (XI) other factors, whether discussed above or in reports filed by Mirant with the Securities and Exchange Commission (including Mirant's forms 10-K and 10-Q)," a news release from the company said.

U.S. Rep. James P. Moran (D8) shares the city's concern. "This agreement reflects the serious health hazard NOx gases represent to Northern Virginians," Moran said. "Mirant and its sister plants have been some of the worst contributors to air pollution in the region ... the Potomac River power plant has outlived its usefulness to the region and continues to put the health of Northern Virginia's residents in jeopardy.

"Perhaps the most promising aspect of the agreement that may lead to the plant's eventual shutdown is the provision requiring Mirant to finance a downwash study to model and monitor other potential hazardous emissions from the plant. If the study's findings show these emissions levels violate the EPA's National Ambient Air Quality Standards, Mirant must immediately fix the problem. The prohibitive cost of such an undertaking could force Mirant to close the Potomac River power plant's doors," Moran said.

This argument is well-known to members of the Council. "Not spending money to modernize the plant is no guarantee that it will close," said Councilman Paul Smedberg. "Mirant should make improvements because it's the right thing to do."

In addition to the consent decree, City Council is proposing to take other actions

to ensure that Mirant doesn't continue to pose health hazards to those who live in the city and the region. "We will be bringing forward a proposed ordinance change in October that would take away Mirant's grandfathered ability to operate as a nonconforming use," said city manager Philip Sunderland. "We need to do this even with the consent decree."

The city is also considering other strategies, including joining in the bankruptcy suit. "We will convene in executive to map out a strategy at our next legislative meeting," said Mayor William D. Euille.

In the meantime, the city will hire a consultant to monitor Mirant's compliance with the consent decree and will form a working group to operate in an advisory capacity on Mirant issues. An explanation of the consent decree is available on the city's Web site and, for those who wish to read the entire document, there is a link to a Web site where that can be found. The city's Web site is www.alexandriava.gov.

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