December 6, 2002

David M. Flannery, Esquire
Jackson & Kelly
Post Office Box 553
Charleston, West Virginia 25322

Re: Department of Environmental Protection v. Appalachian Power Company
CO-R13-C-2002-51; Plant ID# 053-00009

Dear Mr. Flannery:

Enclosed please find the executed Consent Order in the above-referenced action.

If you have any questions, please contact me.

Very truly yours,

Roland T. Huson
Senior Counsel

Enclosure

cc:(w/encl) Stephanie R. Timmermeyer, Director
Becky Charles, Esquire
West Virginia Department of Environmental Protection

DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF AIR QUALITY
7012 MacCorkle Avenue, SE
Charleston, West Virginia 25304-2943

v.

APPALACHIAN POWER COMPANY

c/o Mr. Mark A. Gray, Manager Environmental Services
American Electric Power Service Corporation
1 Riverside Plaza
Columbus, Ohio 43215

CONSENT ORDER

This Consent Order is entered into under the authority and direction of West Virginia Code § 22-1-7 and -8 and West Virginia Code § 22-5-4 which authorizes the Chief of the Office of Air Quality, now Director of the Division of Air Quality ("DAQ"), acting on behalf of the Director of the Division of Environmental Protection, now the Secretary of the Department of Environmental Protection ("DEP"), to enter Orders requiring compliance with the provisions of the West Virginia Air Pollution Control Act to regulate and control air pollution in the State of West Virginia.

I. FINDINGS OF FACT

1. Appalachian Power Company ("Company") owns and operates a coal-fired electric generating facility known as the Mountaineer Power Station ("Facility") located near New Haven, West Virginia.

2. The Facility was constructed pursuant to Permit Number R13-0075 which was issued on April 24, 1974.

3. On January 12, 2001, the Company and the Office of Air Quality ("OAQ"), now the Division of Air Quality ("DAQ"), entered into Consent Order CO-R13-E-2001-01 in which the Company agreed to submit a complete and comprehensive 45CSR13 or 45CSR14 permit modification application on or before May 1, 2001, with respect to clarifying the Company's authorization to consume any coal at the Facility that is of sufficient quality to satisfy all state and federal emission limitations. In the Consent Order, the DAQ authorized the Company to utilize such coal until the DAQ took final...
action on the permit modification application.

4. On April 24, 2001 the Company filed a permit modification application as required by Consent Order CO-R-13-E-2001-01.

5. On October 11, 2001, in response to an administrative update request from the Company, DAQ determined some changes could be made without a permit modification (R13-0075A) but others would require a modification.

6. On September 9, 2002, the DAQ issued permit R13-0075B, pursuant to the permit modification application.

7. On October 2, 2002, the Company filed an appeal of the permit modification action taken by the Director on September 9, 2002.

8. The terms and conditions of Permit No. R13-0075B, which were generated based upon the permit application, incorrectly resulted in reduced emission and operational limitations.

9. The DAQ and the Company desire to initiate the modification of Permit No. R13-0075B to correct the emission and operational limitation errors.

II. CONCLUSIONS OF LAW

1. The Department is empowered and authorized to regulate and control air pollution in the State of West Virginia as set forth in the West Virginia Code.

2. The Director is empowered to implement and enforce the regulations of the Department.

3. The facility is subject to the jurisdiction of the Department for the purposes specified in this Consent Order.

III. COMPLIANCE PROGRAM

1. The Company hereby agrees to submit a complete and comprehensive 45CSR13 permit modification application for Permit No. R13-0075B to the DAQ within ninety (90) days of the effective date of this Consent Order.

2. The Company shall submit a written and certified response to any Notice of Deficiency ("NOD") or written request for additional information within twenty (20) days after receipt of such request from the Director or his or her duly authorized representative, unless otherwise approved by the Director.

3. From the effective date of Permit No. R13-0075B and continuing until the effective date of final action by DAQ on the permit modification application submitted pursuant to Section III.1 of this Consent Order or until the Company fails to abide by the provisions of this Consent Order, Conditions A.1, A.3, and A.4. of Permit No. R13-0075B shall be suspended and shall not be enforceable and the following emission limitation shall be applicable.
### HOURLY EMISSIONS

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Limitations</th>
<th>Averaging Time</th>
<th>Annual Emissions Limitations (tpy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO₂</td>
<td>1.2 lb./MM BTU</td>
<td>3-hours</td>
<td>114,055</td>
</tr>
<tr>
<td>NOₓ</td>
<td>0.7 lb./MM BTU</td>
<td>3-hours</td>
<td>66,532</td>
</tr>
<tr>
<td>PM</td>
<td>598 lb./hour</td>
<td>6 hours</td>
<td>2,620</td>
</tr>
<tr>
<td>PM-10</td>
<td>138 lb./hour</td>
<td>6-hours</td>
<td>605</td>
</tr>
</tbody>
</table>

(Because the PM-10 limits are established on the basis of multiplying the PM limits by the ratio of 2.3 to 10, compliance with the PM limits will satisfy compliance with the PM-10 limits.)

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Limitations</th>
<th>Averaging Time</th>
<th>Annual Emissions Limitations (tpy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO</td>
<td>434 lb./hour</td>
<td>24-hours</td>
<td>1,901</td>
</tr>
<tr>
<td>VOC</td>
<td>52 lb./hour</td>
<td>24-hours</td>
<td>228</td>
</tr>
</tbody>
</table>

All other terms and conditions of Permit No. RI3-0075B shall remain in full force and effect.

4. The Company is authorized to utilize any coal, or combination of coals, as would allow the Facility to comply with all applicable state and federal emission limitations, until such time as the DAQ takes final action on the permit modification application submitted pursuant to Section III.1 of this Consent Order or until the Company fails to abide by the provisions of this Consent Order.

### IV. OTHER PROVISIONS

1. The Company waives any and all rights of appeal of this Consent Order.

2. Nothing contained in this Consent Order shall be interpreted in such a manner as to relieve the Company of the responsibility to make all necessary short-term emission reductions as provided and required in 45 CSR 11.

3. The provisions of this Consent Order are severable and should any provisions be declared by a court of competent jurisdiction to be invalid or unenforceable, all other provisions shall remain in full force and effect.

4. The Director agrees that the Company shall have the right to petition DAQ for an amendment to this Consent Order in the event of a “force majeure” condition. The petition shall state such force majeure condition with specificity. The Director shall hear the Company's petition and determine the relief accorded, if any. The determination of the Director shall be final and not subject to appeal.

5. This Consent Order shall become effective immediately upon signing by both parties.

6. This Consent Order shall terminate on the effective date of final action by DAQ on the
permit modification application submitted pursuant to Section III.1 of this Consent Order.

7. This Consent Order is binding on the Company, its successors and assigns.

8. The Director reserves the right to require amendments to this consent order.

9. This Consent Order resolves the appeal (Appeal No. 02-14-AQB) of Permit No. R13-0075B now pending before the Air Quality Board and the Company hereby withdraws that appeal.

       AND NOW, this 5th day of December, 2002, the DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF AIR QUALITY agrees to and enters into this Consent Order.

       DIVISION OF AIR QUALITY

       By Its Director

AND NOW, this 21st day of November, 2002, APPALACHIAN POWER COMPANY by its duly authorized representative agrees to and enters into this Consent Order.

       APPALACHIAN POWER COMPANY

       By Its MGA, ENVIRONMENTAL SEC. DEP.