



State of Ohio Environmental Protection Agency

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February 7, 2008

Mr. Marc S. Gerken, P.E.
President and CEO
American Municipal Power – Ohio, Inc.
2600 Airport Drive
Columbus, Ohio 43219-2242

Dear Mr. Gerken,

I issued earlier today an air Permit to Install to American Municipal Power – Ohio, Inc. (“AMP-Ohio”) for the construction of an electric generating station in Meigs County, Ohio.

As you will see, the permit does not in any way regulate the plant's carbon dioxide (“CO₂”) emissions. Nevertheless, given the increasing recognition of the importance of climate change issues here at Ohio EPA (as well as within industry and other sectors), I thought it appropriate to make plain my belief that climate change is a fast-moving issue of critical national and global importance. I believe that companies with significant CO₂ emissions must and will play a critical role in addressing the issue, and it is my personal belief that federal climate change legislation is not very far off. As Director of Ohio EPA, I strongly support such federal legislation, because I believe an issue of such national scope is “tailor made” for a comprehensive, well-considered, and unifying federal approach, rather than a “patchwork” of uncoordinated and potentially inconsistent state and/or regional efforts to regulate greenhouse gasses.

Notwithstanding my preference for federal legislation, it is clear that the State of Ohio cannot stand idle in the face of the climate change issue. For that reason, Ohio has become a founding and active member of *The Climate Registry*, and members of my staff have become active participants in climate change-related issues such as the carbon sequestration pilot project currently underway at another electricity generating plant in Ohio. In fact, I recently sent a letter to over one-thousand companies in Ohio (including AMP-Ohio) advising them of the formation of *The Climate Registry* and asking them to consider becoming active participants.

It is also clear to me that many companies, including AMP-Ohio, recognize the significance of the climate change issue, recognize the possibility of greenhouse gas (“GHG”) regulation, and are already making and/or anticipating efforts they may have to make in the near future to reduce GHG emissions. In particular, I recognize and appreciate AMP-Ohio's recognition in its permit application that it must continue to

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Chris Korleski, Director

evaluate emerging CO₂ control technology. Further, I understand that AMP-Ohio sized the FGD scrubber in its application to accommodate future CO₂ scrubbing if necessary, and that it is using innovative Powerspan technology to control non- CO₂ emissions, a technology designed to have the potential to more easily capture CO₂ emissions. Thus, the pollution control technology that AMP-Ohio is employing should allow the plant to capture CO₂ if and when such requirements become applicable in the future, or if such capture is undertaken voluntarily.

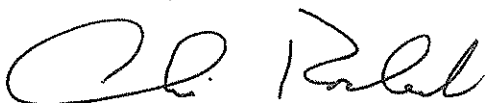
I must also recognize AMP-Ohio's membership in two organizations that have taken concrete steps to address climate change. AMP-Ohio is an Industry Partner Team member of the Midwest Regional Carbon Sequestration Partnership ("MRCSP"), one of seven regional partnerships established by the U.S. Department of Energy's National Energy Technology Laboratory to study carbon sequestration as an option to mitigating climate change. As noted above, Ohio EPA has been working with Battelle, the MRCSP's Project Lead, to permit a pilot project to sequester CO₂ at First Energy's Burger plant near Shadyside, Ohio. It is important to note that Powerspan technology is being used to capture CO₂ as part of this pilot demonstration. I hope this pilot project successfully demonstrates the viability of geological CO₂ sequestration in Ohio, and I appreciate AMP-Ohio's support for the project.

AMP- Ohio is also a member of the Chicago Climate Exchange ("CCX"), a GHG trading system through which companies make voluntary but legally binding commitments to meet annual GHG emission reduction targets. I understand that AMP-Ohio is the only public power entity that is a CCX member, and encourage AMP-Ohio to continue its involvement with CCX. Additionally, I am aware that AMP-Ohio voluntarily reports its GHG emissions under the Energy Information Administration's GHG emissions reporting program, created under section 1605b of the Energy Policy Act of 1992.

Finally, it is my understanding that AMP-Ohio is currently evaluating whether to join *The Climate Registry*, and I strongly encourage AMP-Ohio to do so. I can put you in touch with Ohio EPA staff involved in managing Ohio's involvement in the Registry if you have any questions about the Registry.

I am encouraged that AMP-Ohio appears to be seriously engaged in climate change issues, and I will be following closely AMP-Ohio's continued activities in the climate change area. Please let me know if you have any thoughts about how to use your leadership on how to promote awareness of climate change issues among the business community in Ohio.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Korleski". The signature is fluid and cursive, with a large initial "C" and "K".

Chris Korleski
Director