

Report on Risks Associated with Coal Combustion Waste

WHEREAS: Coal combustion waste (CCW) is a by-product of burning coal that contains high concentrations of arsenic, mercury, heavy metals and other toxins that pollution control equipment filters out of smokestacks. Across the country, over 130 million tons of CCW are being stored in surface waste ponds, impoundments and abandoned mines.

Our company's electricity generation mix is 54% coal, 17% Gas, 4% Renewables, and 26% Purchased power/capacity agreements.

According to the company, our company operates CCW impoundment sites. CCW is therefore a significant issue for our company.

In 2007, the U.S. Environmental Protection Agency (EPA) published a draft risk assessment that found extremely high risks to human health from the disposal of CCW in waste ponds and landfills. EPA's analyses of the behavior of CCW in unlined disposal sites predict that some metals will migrate and contaminate nearby groundwater to levels extremely dangerous to people.

The EPA has found ample evidence at over 60 sites in the U.S. that CCW has polluted ground and surface waters.

EPA has identified over 580 CCW impoundment facilities around the country. At least 49 of these have been labeled "high hazard potential" sites where a dam breach and subsequent spill of CCW material would likely result in a loss of human life and significant environmental consequences.

Recent reports by the New York Times and others have drawn attention to the impactful presence of CCW in the nation's air and waterways, through leakage from CCW impoundments and through direct discharge to surrounding rivers and streams.

The Tennessee Valley Authority's (TVA) 1.1 billion gallon CCW spill in December 2008 that covered over 300 acres in eastern Tennessee with toxic sludge highlights the serious environmental risks associated with storing CCW. TVA estimates a total cleanup cost of \$1.2 billion. This figure does not contain the extensive litigation costs that ensued, including the large class action lawsuit filed against TVA in February 2009.

EPA officials have indicated that the agency will determine by the end of 2009 whether certain power plant by-products such as coal ash should be treated as hazardous waste, which would subject CCW to stricter regulations.

RESOLVED: Shareholders request that the Board prepare a report, at reasonable cost and omitting proprietary information, on the company's efforts, above and beyond legal compliance, to reduce environmental and health hazards associated with coal combustion waste ponds, impoundments and mines, and how those efforts reduce risks to the company's finance and operations. This report should be available to shareholders by August 2010.