



CITY OF NAPOLEON - LAW DEPARTMENT

255 W. Riverview Avenue, PO Box 151, Napoleon, OH 43545

Phone: 419-592-3503 - Fax: 419-592-4723

City Law Director
David M. Grahn
dgrahn@napoleonohio.com

Administrative Assistant
Sheryl K. Rathge
srathge@napoleonohio.com

Thursday, October 09, 2003

Mr. Todd M. Rodgers
Chester, Wilcox & Saxbe LLP
65 East State Street, Suite 1000
Columbus, Ohio 43215-4213

Re: Letter Dated September 29, 2003 – FAS 143 Due Diligence

Dear Mr. Rodgers:

In speaking with our Zoning Administrator, Brent Damman, to the best of his knowledge and belief, the City has not enacted any ordinances, development codes, or zoning requirements that would obligate the Owner of the physical assets listed in your September 29, 2003 letter to perform any work or site remediation in the event the Owner ceases to use the therein listed assets. Of course, you should have copies of any leases or operating permits for your determination regarding the subject.

Should you have any questions or comments, please do not hesitate to contact my office.

Sincerely,

David M. Grahn
City of Napoleon Law Director

dmg:skr

cc: Dr. Jon A. Bisher, City Manager
✓ Brent Damman, Building/Zoning Administrator

CHESTER WILLCOX & SAXBE LLP

Attorneys and Counselors at Law

TODD M. RODGERS

DIRECT DIAL 614-334-6180
troddgers@cwslaw.com

September 29, 2003

Mr. David Grahn
Law Director, City of Napoleon
255 West Riverview Avenue
Napoleon, Ohio 43545

Re: FAS 143 Due Diligence

Dear Mr. Grahn:

As you know, the City of Napoleon is a member of American Municipal Power- Ohio, Inc. (herein "AMP-Ohio") and participates in the municipal joint ventures OMEGA JV2 and OMEGA JV5 managed by AMP-Ohio. AMP-Ohio owns on its own behalf, and is responsible for managing on behalf of the municipal joint ventures, several long term physical assets used in the generation and transmission of electric power and associated energy.

In June of 2001, the Financial Accounting Standards Board issued Statement No. 143, Accounting for Asset Retirement Obligations (herein "FAS 143"). FAS 143 requires owners of long-lived assets, such as AMP-Ohio and the municipal joint ventures, to make an estimate of any closure or removal costs that may be incurred by the owner upon retirement of the asset after its useful life and record the present value of any such costs on its current balance sheet. This accounting obligation takes effect this year for AMP-Ohio and the municipal joint ventures.

AMP-Ohio, OMEGA JV2 and OMEGA JV5 (herein each individually referred to as "Owner") own long-lived generation assets sited in your municipality. In accordance with the requirements of FAS 143, the Owner is performing its due diligence to determine whether it has any asset retirement obligations with respect to its electric generation and transmission related assets sited in your municipality. In addition to evaluating any requirements imposed by state or federal law or operating permits, FAS 143 requires the Owner to take into consideration any obligations that may also be imposed by local ordinances and regulations, including applicable zoning requirements.

Your assistance it would be greatly appreciated in helping us determine if your municipality has enacted ordinances, development codes, or zoning requirements that would require the Owner of the physical assets listed below to perform any work or site remediation in the event that the Owner ceases to use the following assets:

<u>Owner</u>	<u>Type of Asset(s)</u>	<u>Location of Assets</u>
AMP-Ohio	GE Frame 5 (15 MW) Westinghouse 301 (32 MW) generators	Interchange Drive, St. Rt. 424

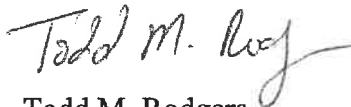
Mr. David Grahn
Re: FAS 143 Due Diligence
September 29, 2003
Page 2

OMEGA JV 2	three 1.825 MW generators	1775 Industrial Road
OMEGA JV5	three 1.8 MW generators	1393 County Road 12

Your response only need to highlight any obligations imposed by local municipal ordinance or regulation and does not need to consider or include any requirements that may be imposed by state statute or federal law. We are conducting our own due diligence of obligations that may be imposed upon the Owner by state or federal law, operating permits issued by the state or federal government, or pursuant to any lease agreement.

It would be greatly appreciated if you could have a response to me by November 7, 2003 so that the Owner can complete its due diligence prior to the end of the year. If you have any questions, please feel free to contact me at the number and/or e-mail address above or John Bentine at 614-334-6121, or through e-mail at jbentine@cwslaw.com.

Sincerely,



Todd M. Rodgers

cc: Marc Gerken, P.E., President, AMP-Ohio
Robert Trippe, Vice President of Finance, AMP-Ohio
Jon Bisher, City Manager, City of Napoleon