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AEP AGREES TO BUY OUT ENTIRE TOWN

\$20 Million Settlement Reached in Gallia County Plant Dispute

By Michael Hawthorne

American Electric Power is buying the Gallia County village of Cheshire for \$20 million, two months after federal health experts confirmed that blue sulfuric clouds from one of the company's coal-fueled plants endangered residents of the town.

In return for the unusual buyout, the 221 residents of Cheshire will move out and give up their homes.

They also will sign agreements promising not to sue the utility company for any damage to their health or property caused by pollution from the massive Gen. James M. Gavin plant, located about 85 miles southeast of Columbus along the Ohio River .

Cheshire residents hired a team of lawyers from Washington , D.C. , to broker a deal that effectively will dissolve the village and silence years of complaints about pollution from the coal-fired power plant.

Despite a series of controls installed at Gavin to curb smog and other forms of air pollution that drift northeast with the prevailing winds, the equipment failed to stop acidic haze, milky droplets, soot, white specks and other irritants from occasionally descending on the village next door.

"Relocation will not be easy, especially for some whose families have lived in Cheshire for generations," Mayor Tom Reese said. "It will be sad, indeed, to see our village disappear."

AEP officials and attorneys for Cheshire residents declined to say how much money each property owner will get to relocate. The amount, though, will more than cover the \$6 million market value of 86 homes and a few small businesses in the village, along with undisclosed legal fees.

"We think we've reached the best possible resolution," said Barry Neuman, one of several attorneys who represent most of the village's residents.

Once the residents and businesses have been moved, perhaps as early as the end of the year, AEP plans to bulldoze the village and turn the land into a site for unloading coal shipped by barge to the Gavin plant.

Other companies in the past have selectively bought houses and other properties that are contaminated or threatened by pollution. For example, owners of the Lane Avenue Shopping Center bought three homes behind the Upper Arlington shopping area last year after hazardous residue from a former dry-cleaning store leached into the back yards.

But the deal between AEP and Cheshire marks the first time a company has bought an entire village in Ohio , though similar buyouts have been negotiated in other states.

One of the most infamous cases involved Times Beach , a Missouri community west of St. Louis that was bought and bulldozed by the federal government in the early 1980s because the land was contaminated with dioxin, a toxic chemical.

"I don't believe we would have ever proposed this remedy ourselves," said Dale Heydlauff, AEP senior vice president for environmental affairs. "I think the town just had enough of the company's experimentation."

Cheshire leaders enlisted environmentalists and elected officials to pressure AEP into taking more aggressive steps to curb pollution from the Gavin plant. The result was a series of actions that eventually prompted the company to buy the village outright.

In August 2000, the U.S. Environmental Protection Agency sent AEP a notice alleging the plant was violating the Clean Air Act.

Four months later, village leaders successfully lobbied the company to abandon a potentially hazardous method to clean the Gavin plant's exhaust. The company had planned to use anhydrous ammonia to help reduce smog-producing nitrogen oxides, but switched to a safer, dry form of ammonia after village residents complained.

Opponents were alarmed by a worst-case scenario drafted on behalf of AEP that estimated Cheshire and three nearby schools would have had about six minutes to evacuate if an anhydrous-ammonia tank were to leak.