

FRAMEWORK FOR A COOPERATIVE APPROACH TO REMEDiation AND REDEVELOPMENT OF THE ASHLAND NORTHERN STATES POWER LAKEFRONT SITE

September 2008

The purpose of this "Framework" document is to summarize the substance of discussions that have taken place between representatives of Northern States Power Company, a Wisconsin corporation (NSPW), the City of Ashland, Wisconsin (Ashland or City) and the Wisconsin Department of Natural Resources (WDNR).

Background

Over the past several weeks, representatives of NSPW, the City of Ashland and the WDNR have been involved in discussions focused on opportunities to develop a cooperative approach to remediation and redevelopment of the Ashland Northern States Power Lakefront Superfund Site (the Site).

Although state and federal regulatory processes resulting from the discovery of contamination at the site have been ongoing for more than a decade, remedial activities at the site have not yet commenced and redevelopment of the Ashland waterfront site has accordingly not progressed. The parties have held the above-mentioned discussions over the past several weeks in order to explore whether a more cooperative, expedited approach to remediation activities that facilitates implementation of the City's associated redevelopment and revitalization plan for the lakefront area might be possible and beneficial.

Objectives

The parties have explored in their discussions whether they could work cooperatively to achieve mutually beneficial objectives consistent with regulatory mandates and public policy. The parties also recognize that the discussions must reflect the appropriate roles of each party with respect to remediation and redevelopment of the Ashland site.

Some of the objectives that the parties believe could be achieved by moving forward in a cooperative manner include:

- Ensuring a cleanup protective of public health and the environment;
- Starting remedial activities in an expeditious manner and consistent with the federal regulatory process;
- Enhancing public awareness of and support for the project;
- Managing the sequencing of remedial and City redevelopment activities;
- Leveraging available grants and other funding sources for the City;
- Ensuring that the remediation is done in a technically feasible and cost effective manner consistent with EPA and WDNR regulations; and
- Supporting the City's Waterfront Development Plan so as to promote a strong, sustainable local economy.

Relationship Between US Environmental Protection Agency (EPA) Regulatory Process and This Framework

The EPA regulatory process is ongoing at this time. In particular, the EPA has not yet recommended a remediation scenario, approved the Feasibility Study or issued the Record of Decision (ROD) with respect to remediation of the Ashland site. This Framework document does not supersede the regulatory authority and responsibilities of either the EPA or WDNR. The purpose of this Framework document is rather to communicate what the parties are prepared to do to move remediation and redevelopment activities forward in a cooperative manner consistent with the EPA regulatory process.

The parties to this Framework document also recognize that the outcome of the EPA regulatory process with respect to remediation of the Ashland site is a material consideration for each of the parties and may determine whether any or all of the parties to this Framework choose to proceed with any of the specific cooperative activities outlined below. Accordingly, the parties recognize that the cooperative approach outlined in this Framework is contingent upon an outcome of the EPA regulatory process that is acceptable to each party to this Framework and is consistent with EPA regulations. This process includes extensive public participation and updating the Community Involvement Plan.

In order for each party to communicate its expectations about potential remedies clearly to the EPA as well as to the other parties, each party to this Framework has agreed to submit a non-binding letter to the EPA on or before September 4, 2008 stating its preliminary views on what potential remediation scenario(s) might be acceptable to that party. Submission of such letters by interested parties is part of and consistent with the EPA regulatory process, including the EPA's upcoming Remedy Review Board process.

Specific Cooperative Activities

Subject to each party's acceptance of the outcome of the EPA regulatory process, the parties to this Framework have discussed specific cooperative activities that could be coordinated with the City's Waterfront Development Plan so as to 1) ensure a protective remediation of the site consistent with federal and state regulations, 2) achieve cost savings and efficiencies, and 3) promote a strong and sustainable local economy. Specific cooperative activities could include the following:

In furtherance of the objectives outlined above and consistent with its overall Waterfront Development Plan, the City will pursue grants and other funding that will facilitate the establishment of a permanent breakwater, a marina, and other brownfield redevelopment opportunities. Furthermore, the parties will support the efforts of the City to secure federal grants relating to the cleanup activities and lakefront redevelopment efforts by the City consistent with remediation plans and schedules. NSPW will work with the City to prepare grant applications, develop grant-writing skills at the City, and help administer any grants that may be received. WDNR will provide technical assistance in preparing grant applications.

NSPW will work with the City and the WDNR during the design phase of the conceptual model to facilitate the move of NSPW's Ashland service center and related activities to another site. This activity may include the exchange of the service center property for another property owned by the City. NSPW will also try to create internships for college students in the Chequamegon Bay area, seek effective ways to minimize disruption to the City's residents during the remediation process, evaluate ways to incorporate sustainability principles into the various aspects

of the remediation, and explore the safeguards needed to allow for the re-opening of the artesian wells in Kreher Park.

Within the federal Superfund process and the approved remedial activities and schedule, as stated in the ROD, the parties anticipate that NSPW with agency review and approval will have the flexibility to:

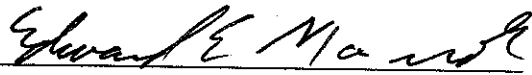
1. sequence the approved cleanup phases to minimize the potential for recontamination of areas that have been cleaned up while working with the City to maximize cooperative opportunities to implement related aspects of the City's Waterfront Development Plan. This may include the construction of a breakwater for future marina development and removal of the former wastewater treatment plant;
2. use pre-design testing studies to help determine, and attain approval for, the most appropriate method for sediment dredging with the goal of attaining the preliminary remediation cleanup goals and addressing health and safety concerns;
3. evaluate sediment treatment options in order to reduce other potential long-term environmental risks; and
4. employ as many local, qualified contractors as practicable.

The City will support NSPW's rate recovery claim of all prudent costs at the Public Service Commission of Wisconsin (PSCW). Upon the development of a Project Plan and issuance of the ROD the WDNR if it believes that the planned activities are consistent with Wisconsin environmental standards will communicate that in writing to the PSCW.

Finally, all of the parties will cooperate on community outreach efforts, consistent with both the EPA's regulatory process and the WDNR's role in facilitating that process, so as to 1) solicit community input from a broad base of stakeholders, and 2) convey to those stakeholders and the general public in the Chequamegon Bay region the concepts in this model for remediation and revitalization of the lakefront area and the City of Ashland.


Conclusion

In summary, the parties believe that the cooperative approach described in this Framework will result in 1) a timely, cost effective, technically feasible and protective remediation of the site, and 2) a stronger local economy consistent with the City's Waterfront Development Plan.




Edward Monroe, Mayor
City of Ashland

10-9-2008
Date



Matthew Frank, Secretary
Wisconsin Department of Natural Resources

October 1, 2008
Date



Michael L Swenson, President & CEO
Northern States Power Wisconsin

Oct 13, 2008
Date