ReUse TECHNOLOGY, INC.

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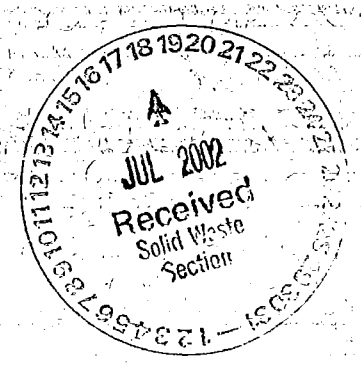

Mr. James C. Coffey, Chief
Solid Waste Section
Division of Waste Management
North Carolina Department of Environment and
Natural Resources
1646 Mail Service Center
Raleigh, North Carolina 27699-1646

Re: Swift Creek CCB Structural Fill Site
Highway 301, Rocky Mount
Nash County, North Carolina

Dear Mr. Coffey

I am writing in reply to your letter of June 20, 2002, responding to written submittals made by ReUse Technology, Inc. ("ReUse") on May 7, 2002 and May 22, 2002. ReUse made these submittals as part of its efforts to resolve a Notice of Violation issued to ReUse by the Solid Waste Section (the "Section") on April 4, 2002.

Your letter states that the Section has several concerns about public health and the environment because ReUse installed a pipe in a drainage area in order to convey off-site drainage under its Swift Creek coal combustion structural fill project. Your letter also approves ReUse's submittals with certain conditions and additions. This letter will respond to the matters you raise in hopes that doing the work ReUse proposes can resolve the issues satisfactorily.

The first concern the Section presented is that ReUse installed the pipe without notifying the Section, which had previously approved construction of the fill with a buffer around the drainage area. As we have noted in earlier letters respecting installation of the pipe, ReUse's methodology for piping existing off-site drainage under the work by putting a pipe in the pre-existing drainage area was good engineering practice for construction of any structural fill, including one to be constructed of coal combustion by-products.

In addition, construction of the pipe in the drainage area was permissible under the then-applicable Corps of Engineers wetlands regulations, which the Section's December, 1991 approval said were applicable to the project. ReUse's employees recall that ReUse's

contractors installed the pipe extension in a sand bed within the ditch and covered it with sand and earth before ReUse began constructing the fill on top of it with ash. As discussed below, ReUse proposes to obtain data to confirm this proper construction practice.

The second concern raised by the Section is that leachate from the structural fill might enter the pipe and discharge to surface waters. Performance of the work to reroute the surface drainage away from the fill in newly installed pipe, as discussed in the Section's approval of ReUse's May 7, 2002 submittal, will resolve any such concern. The pipe will no longer carry surface water and will be plugged. Leachate from the structural fill will not enter the pipe. The pipe will not discharge to surface waters.

ReUse agrees that it will not install the new RCP within the limits of coal ash placed on site, will not bed the pipe in coal ash, and will document the as-built conditions and the discharge point. ReUse will report and provide further information to the Section as to whether it will be necessary to perform this work within the Highway 301 right of way so that future repairs can be performed without disturbing coal ash. If any work must be performed within the Route 301 right of way ReUse will promptly seek consents from DOT, but delays might ensue.

The third concern raised by the Section is that coal ash might have been placed within one foot of ground water, particularly in the drainage area, giving rise to a potential for ground water contamination. As noted previously, ReUse provided data to the Section respecting the separation between ground water and coal ash within the fill in response to an inspection conducted by the Section in 1995. The pipe had already been installed at that time.

The Section's approval of ReUse's May 22, 2002 submittal for identifying the construction and placement of the pipe in the drainage should provide additional data on this issue. ReUse proposes to proceed (1) by locating the centerline of the drainage pipe at a spot above where the pipe exits the structural fill, as close as practicable to the eastern edge of the fill; (2) drilling a hole immediately adjacent to the pipe and logging the soils and fill materials found there; and (3) providing the Division with a boring log showing the relative locations of the structural fill cover material, the coal ash structural fill material, the pipe itself; any pipe backfill material; the undisturbed ground surface; and the groundwater level at that point.

ReUse agrees to obtain data at one other location within the fill and adjacent to the pipe in order to present a profile within fill. ReUse agrees to provide the Section with notification of when it will do this work to permit the scheduling of a Section representative to be on site during the investigation. As noted below, however, ReUse does not believe it is necessary to investigate two parallel areas, as ReUse is confident the pipe was installed in the drainage.

The Section's fourth concern is whether ReUse actually installed the pipe in the drainage area. As explained in the attached letter to you from Appian Consulting Engineers, PA, this question arises from a data scanning error, which made the surveyed location of the pipe and the scanned location of the ditch appear to be in different locations on drawings which were submitted to the Section and dated May 6, 2002 and May 19, 2002. (The latter drawing shows the location of ReUse's proposed bore hole adjacent to the pipe.)

Appian has supplied a corrected drawing, in which the location of the pipe and the drainage coincide, as they do in reality. In fact, the pipe was installed in the ditch. Installing it parallel to the ditch and to the north of the ditch would have required relocation of the junction box, and additional work to place the pipe in a new trench. As has been confirmed by ReUse's employees, who were there at the time, this did not happen. They observed the installation of the pipe in the ditch, and there is no reason to believe it was installed elsewhere.

While arrangements are being made to divert the drainage and collect data on the pipe installation and groundwater levels in the vicinity of the drainage, ReUse proposed to finish covering the site and complete final grading and seeding, so as to reduce maintenance and any off-site dusting.

Sincerely,

Robert J. Waldrop
Vice President

Attachments

Cc w/att: William White, Esq.
Moore & Van Allen