

Coal Companies and Subsidiaries to Spend Estimated \$200 Million on Treatment and System-wide Upgrades to Reduce Water Pollution

\$27.5 Million Civil Penalty is Largest in History Under Section 402 of the Clean Water Act

WASHINGTON – Alpha Natural Resources, Inc. (Alpha), one of the nation’s largest coal companies, Alpha Appalachian Holdings (formerly Massey Energy), and 66 subsidiaries have agreed to spend an estimated \$200 million to install and operate wastewater treatment systems and to implement comprehensive, system-wide upgrades to reduce discharges of pollution from coal mines in Kentucky, Pennsylvania, Tennessee, Virginia, and West Virginia, the Department of Justice and the U.S. Environmental Protection Agency (EPA) announced today. Overall, the settlement covers approximately 79 active mines and 25 processing plants in these five states.

EPA estimates that the upgrades and advanced treatment required by the settlement will reduce discharges of total dissolved solids by over 36 million pounds each year, and will cut metals and other pollutants by approximately nine million pounds per year. The companies will also pay a civil penalty of \$27.5 million for thousands of permit violations, which is the largest penalty in history under Section 402 of the Clean Water Act (CWA).

“This settlement is the result of state and federal agencies working together to protect local communities from pollution by enforcing the law,” said Cynthia Giles, Assistant Administrator of EPA’s Office of Enforcement and Compliance Assurance. “By requiring reforms and a robust compliance program, we are helping to ensure coal mining in Appalachia follows environmental laws that protect public health.”

“The unprecedented size of the civil penalty in this settlement sends a strong deterrent message to others in this industry that such egregious violations of the nation’s Clean Water Act will not be tolerated,” said Robert G. Dreher, Acting Assistant Attorney General for the Justice Department’s Environment and Natural Resources Division. “Today’s agreement is good news for communities across Appalachia, who have too often been vulnerable to polluters who disregard the law. It holds Alpha accountable and will bring increased compliance and transparency among Alpha and its many subsidiaries.”

In addition to paying the penalty, the companies must build and operate treatment systems to eliminate violations of selenium and salinity limits, and also implement comprehensive, system-wide improvements to ensure future compliance with the CWA. These improvements, which apply to all of Alpha’s operations in Appalachia, include developing and implementing an environmental management system and periodic internal and third-party environmental compliance audits.

The companies must also maintain a database to track violations and compliance efforts at each outfall, significantly improve the timeliness of responding to violations, and consult with third party experts to solve problem discharges. In the event of future violations, the companies will be required to pay stipulated penalties, which may be increased and, in some cases, doubled for continuing violations.

The government complaint alleged that, between 2006 and 2013, Alpha and its subsidiaries routinely violated limits in 336 of its state-issued CWA permits, resulting in the discharge of excess amounts of pollutants into hundreds of rivers and streams in Kentucky, Pennsylvania, Tennessee, Virginia, and West Virginia. The violations also included discharge of pollutants without a permit.

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In total, EPA documented at least 6,289 violations of permit limits for pollutants that include iron, pH, total suspended solids, aluminum, manganese, selenium, and salinity. These violations occurred at 794 different discharge points, or outfalls. Monitoring records also showed that multiple pollutants were discharged in amounts of more than twice the permitted limit on many occasions. Most violations stemmed from the company's failure to properly operate existing treatment systems, install adequate treatment systems, and implement appropriate water handling and management plans.

Today's settlement also resolves violations of a prior 2008 settlement with Massey Energy, and applies to the facilities and sites formerly owned by the company. Under the 2008 settlement, Massey paid a \$20 million penalty to the federal government for similar CWA violations, in addition to over a million dollars in stipulated penalties over the course of the next two years. Alpha purchased Massey in June 2011 and, since taking over the company, has been working cooperatively with the government in developing the terms of today's settlement.

CWA permits allow for the discharge of certain pollutants in limited amounts to rivers, streams, and other water bodies. Permit holders are required to monitor discharges regularly and report results to the respective state agencies.

Alpha, headquartered in Bristol, Va., is one of the largest coal companies in the nation. Alpha operates more than 79 active coal mines and 25 coal preparation plants located throughout Kentucky, Pennsylvania, Tennessee, Virginia, West Virginia, and Wyoming. The Wyoming operations are not included in today's settlement.

The States of West Virginia, Pennsylvania, and Kentucky are co-plaintiffs in today's settlement. The U.S. will receive half of the civil penalty and the other half will be divided between the co-plaintiffs based on the number of violations in each state, as follows: West Virginia (\$8,937,500), Pennsylvania (\$4,125,000), and Kentucky (\$687,500).

The consent decree, lodged in the U.S. District Court for the Southern District of West Virginia, is subject to a 30-day public comment period and approval by the federal court.

More information on the settlement: <http://www2.epa.gov/enforcement/alpha-natural-resources-inc-settlement>

More information on Clean Water Act Enforcement: <http://www.epa.gov/compliance/civil/cwa/index.html>

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