UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 2
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NEW YORK, NY 10007-1866

MAR 11 2011

John G. Haggard
Manager, Site Evaluation and Remediation Program
General Electric Company
319 Great Oaks Blvd.
Albany, NY 12203

Re: Hudson River Dredging Project – Model Development and Peer Review

Dear Mr. Haggard:

This letter follows up on EPA's October 8, 2010 letter to you concerning the peer review of the sediment transport, PCB fate and transport and food chain models currently under development for the Upper Hudson River.

Since last September, the EPA and GE modeling teams have been working collaboratively to develop a set of models that adequately reproduce the sediment and contaminant transport processes that govern the Upper Hudson River. As of January 2011, EPA has incurred approximately $800,000 in consultant costs for the review and co-development of the models. Assuming that the EPA and GE teams continue working collaboratively, we anticipate we would need to spend about $1,500,000 more in consultant costs to complete the model development work and take the models through the peer review process. In addition to the estimated $2.3 million in total consultant costs, we have been and will be incurring costs associated with time spent by EPA and U.S. Army Corps of Engineers employees on model-related work, as well as EPA indirect costs and the costs of the peer review itself (*e.g.*, hiring a peer review contractor, selecting and retaining panel members, etc.).

In view of EPA's significant past and anticipated future costs related to the development and peer review of the models, and as mentioned in my October letter, EPA needs GE's agreement to reimburse all of EPA's past and future costs of participating in the model development and peer review processes, and that such reimbursement will not count toward the cap on Phase 2 RA Response Costs set forth in paragraph 63 of the Consent Decree. While EPA continues to share the goal of jointly developing the models with GE, the significant cost of that work would represent an unanticipated and sizeable portion of the Phase 2 RA Response Costs that GE agreed to pay pursuant to the Consent Decree. EPA cannot continue with its ongoing model development and evaluation efforts beyond April 15, 2011 if GE does not commit to provide these funds not subject to the cap.

We look forward to discussing with you your plans for ongoing model development and peer review and any suggestions you have to effectively streamline this work. It is also essential that we promptly discuss GE's reimbursement of EPA's modeling costs.

Thank you for your prompt attention to this matter.

Sincerely yours,

Doug Garbarini, Chief
New York Remediation Branch
Emergency and Remedial Response Division

Cc: Ben Conetta , ERRD
Doug Fischer, ORC