Message

From: Andrew Steinberg [andrew.steinberg@lepetomaneinc.com]
Sent: 8/8/2016 2:09:30 PM
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Subject: Re: NERT Stakeholders Quarterly Call

Good morning.

The Trust would like to thank everyone for their participation during the recent NERT Stakeholder Conference Call.

We'd like to provide additional detail regarding a question asked in the Q&A section specific to the following text on page 20 of the ECT Audit Report:

> *Once refurbished, the DAFs should be capable of operating at their maximum design capacity. However, operating staff expressed concerns that the biological loading is expected to increase with the closure of the AP5 pond and the proposed soils washing alternative (reported by Tetra Tech). In this event, the operating staff (ETI) is concerned that the generation of biological solids would exceed the loading capacity of the existing DAFs. This could become the limiting process for the entire treatment train and thereby limit the treatment capacity of nitrate, chlorate, and ammonium perchlorate. The Audit Team recommends that NERT and site operator ETI address this issue as soon as possible.*

While this matter was not highlighted as a Priority A, B or C item to be remedied, the Trust is fully aware of the relationship between the DAFs and the treatment capacity of the plant. The plant currently has two DAF units that remove solids from the plant's treatment train. After treatment with the DAF units, the effluent water is then further treated for solids removal through a sand filter. The current 6-month average loading of the plant is 630 lbs /day, which is a calculated number based on the concentration of constituents such as perchlorate, chlorate and nitrate. This current 6-month average is approximately 40% of the design capacity of the plant, including the DAFs.

Historically the plant was loaded at or around the 100% capacity level in 2007 and maintained above 85% through 2008. During these periods the DAFs and the overall solids handling system was capable of handling the solids produced. The DAF units have shown in testing and operation that they are able to handle the solids

load at 100% capacity of the plant. The ETI operators interviewed by ECT who were concerned about solids handling, while very knowledgeable, were not members of the operating staff when the plant operated at full load and do not have the historical experience to understand the solids capacity of the plant.

As the Trust manages its various treatment initiatives (incl. AP-5 and the COP), the loading rate of the plant is constantly evaluated to make certain components such as the DAFs are operated within design criteria.

If anyone has additional questions on this matter, or other aspects of the ECT Audit Report, please let me know.

Thank you,

Andrew W. Steinberg
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On Jul 31, 2016, at 8:57 AM, Andrew Steinberg <andrew.steinberg@lepetomaneinc.com> wrote:

Jill:

Please see our responses below. All files are accessible via the following link:

https://lepetomaneinc.sharefile.com/d-s097c2a0f2984f998

Also, we ask that NDEP and NERT send us the documents listed below before the call next week:

1. Any Trust Fee Applications prepared after February 9, 2016;

Fee Application N16-001 and all backup is accessible via the provided link. The file N16-001-NERT.PDF should be opened first.

2. The May 27, 2016 approval by NDEP and EPA of NERT's EE/CA work plan and associated budget (referenced in footnote 17 of NERT's July 22, 2016 Budget Amendment 2016-01);

The EE/CA documentation was approved via email. A copy of the email is accessible via the provided link.

3. Bimonthly reports for the COP;

The Trust does not prepare or submit formal reporting for Continuous Optimization Program (COP) activities on a regular basis. Alternatively, and as agreed to by the agencies, the Trust hosts monthly meetings with the NDEP and U.S. EPA to ensure alignment on all COP initiatives and to assess progress towards meeting the program objectives. It has been the intent of the Trust and NDEP to utilize our quarterly stakeholders calls as the forum to keep the NERT Stakeholders advised of program status.

4. The third party audit report for the GWETS;

This Trust will be submitting the audit report to the NDEP, U.S. EPA and the NERT Stakeholders by Monday, August 1, 2016.

5. NDEP's Front Funding Request #2016-02; and

The Front Funding request and a related response from NERT is accessible via the provided link.

6. Reports prepared by Asset Consulting Group for NERT.

The first formal report submittal to the Trust by Asset Consulting Group is still pending. The Trust expects to finalize the 2016 Second Quarter Financial Report by August 10, 2016. This report will be distributed to the Stakeholders simultaneously with the submittal to the NDEP and U.S. EPA.

RESPONSE TO QUESTIONS PRESENTED BY JILL TERAOKA INLINE WITH THE DRAFT CONFERENCE CALL AGENDA:

- Please explain Schiff Hardin's role and how it was selected

This will be addressed during our upcoming call.

- Demolition of west end-unit 1 chlorinator building: What is the ultimate plan for the chlorine line? (Proposal states it will remain in place and will be supported by scaffolding during and after demolition)

It was previously believed that the removal of the physical chlorine line was necessary to implement the Unit 4 limited building demolition required for the Remedial Investigation. Fortunately, Tetra Tech was able to devise a plan to safely perform the limited demolition without requiring the removal of the chlorine line. As previously discussed with the Stakeholders, the chlorine line is owned by Olin and subject to various agreements, of which NERT is a party. As the Trust no longer requires the line to be removed for the purposes of its ongoing Remedial Investigation, the Trust's current strategy is to let Olin and Tronox determine a path forward for the eventual removal of the chlorine line and to engage minimally with the parties to reduce related legal, and ultimately removal costs, to the extent possible.

- Please explain the basis for the $1 million in GWETS infrastructure upgrades (I08) – were these recommended as a result of the third-party audit?

The infrastructure upgrades contemplated under this task are driven by NERT's need to modernize and/or upgrade various aspects of the plant to provide greater operational flexibility and are not the result of the third-party audit. A copy of the Envirogen proposal to perform certain upgrades is accessible via the provided link. The work as indicated in the provided proposal is ongoing. The remainder of the budget will be utilized for additional projects currently in the planning stages including the installation of VFDs for IWF extraction pumps and enhancements to on-site secondary containment measures.

- What is the difference between line items G05 (Sale Parcel C – Elimination of Arsenic as a COPC) and G06 (Sale Parcel C – Soil Removal)?

Task G05 represents effort related to the preparation of a work plan for the removal of surface soils containing arsenic above background concentrations in the eastern portion of Parcel C. Task G06 represents the budget estimate for the upcoming implementation of the soil removal work plan prepared under G05. The NDEP had indicated that this effort is required prior to completion of the human health risk assessments and obtaining a No Further Action (NFA) letter for the NERT Sale Parcels C, D, F, G, and H. Obtaining the NFA letter is required prior to sale of the parcels. The TRECO purchase agreement has been previously discussed and shared with the Stakeholders. The NDEP copied the Stakeholders on the July 26, 2016 letter approving the soil removal work plan.

Please explain the additional allocation of $300,000 for line item L09 (NDEP Ordered EE/CA) (The Work Plan already included a project contingency of 15%/$24,000 to address similar matters)

On June 16, 2016, The Trust participated in a meeting with SNWA to discuss the weir construction effort, specifically the details surrounding the necessary dewatering efforts and the anticipated timeline to do so. Based on the information gained, it became clear that NERT had to accelerate various substantial aspects of project implementation ahead of the formal submittal and subsequent approval of the EE/CA work plan and budget in order to comply with SNWA's project timeline. The 15% contingency as indicated in the work plan was designed to absorb very limited preliminary efforts and would not provide the Trust enough resources to comply with SNWA's schedule. The NERT Stakeholders will be copied on the forthcoming submittal of the EE/CA.

What is the status of perchlorate source quantification?

This will be addressed during our upcoming call.

NERT / NDEP Downgradient Study Area Investigation: Please explain Broadbent's role

NDEP's response : Broadbent & Associates holds the NDEP – BISC technical support and oversight contract for Site Assessment and Corrective Action contract for the BMI Complex in Henderson NV. Broadbent specifically provides technical assistance with document and data package reviews and provides comment and professional support needed to complete the necessary reviews for projects at the BMI Complex. Broadbent additionally provides database support for both technical and financial databases that NDEP - BISC requires for management and oversight of the BMI Facility.

The "*" in Attachment F to NERT's Budget Amendment 2016-01 indicates an "All BMI Companies task" where the work is split 8 ways. How are such tasks initially identified?

NDEP's response : NDEP routinely has tasks that relate to the entire BMI complex such as up-gradient chemical analysis, downgradient metals analysis, NDEP fiscal database support, NDEP technical (groundwater and soils) database support and enhancement. For these NDEP identified tasks Broadbent splits to invoices 8 ways so that All Companies receive a portion of the cost. The NDEP identifies tasks as All Companies if the work performed provides oversight for or benefit for the entire BMI Complex.

Why is the amount of $2.96 million for NERT front-funding for NDEP-led implementation (line item N07) different from the All Tasks Total of $3.6 million in NDEP's budget amendment (Attachment F)?

The NERT budget splits the NDEP-led implementation into two discrete tasks - N01 and N07. The sum of N01 and N07 equal the total indicated on page 13 of Attachment F.

GWETS Continuous Optimization Program: Please summarize the GWETS operations for the past quarter, including a discussion of the diversions/leaks and if/how they are addressed in the third party audit report

The Trust will present a summary of GWETS operations during our upcoming call.

Please explain the $6 million increase for line item K01 (Continuous Optimization Program Support) Is this the total cost for this item, or just the amount budgeted for 2016?

As previously discussed with the Stakeholders, the Trust has been directed by the NDEP and U.S. EPA to implement a program to optimize the current configuration of the GWETS and accelerate the removal of perchlorate from the environment ahead of the implementation of final remedy. To meet the COP removal rate goal for 2016, the Trust is required to greatly expedite the implementation of various Interim Remedial Actions, or IRMs. The $6 million increase in budget requested in the current amendment largely represents the anticipated costs associated with the AP-Area IRM, which is a soil flushing initiative designed for the area historically utilized for the production of AP. Please note that the AP-Area IRM effort is currently underway as this element of the amendment was previously approved by the NDEP and U.S. EPA. This accelerated approval was required to meet the program's 2016 removal rate goal.

The concept of the COP IRM was presented to the Stakeholders during our annual meeting and subsequently during the May conference call. As the implementation of the COP will continue through final remedy, it should be assumed that the program will have an annual budget through at least 2020. The budget of the program will solely depend upon the goals that the NDEP and U.S. EPA desire to achieve during this period. It is currently unknown if additional funding will be required in 2016.

Thank you for your continued cooperation and assistance in this matter. We look forward to the call next week.

As always, the Trust desires to keep the NERT Stakeholders informed of all ongoing efforts and is happy to provide the additional details as requested.

Thank you,

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Best regards,
Jill

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From: James Dotchin [mailto:jdotchin@ndep.nv.gov]
Sent: Friday, July 22, 2016 1:01 PM
To: Weiquan Dong; "Kirk Stowers"; "Kurt Fehling"; 'Fong, Alison'; "Dustin Minor"; 'Jeff Scott'; "Katherine Baylor"; 'Letitia Moore'; "Steve Armann"; "Jay A. Steinberg, President"; "Andrew Steinberg"; 'Steve Clough'; 'Mark Hatch'; 'Tanya O'Neill'; 'Allan DeLorme'; 'John Pekala'; "Derek Amidon"; "Dan Pastor"; 'Harry Van Den Berg'; "Carmen Caceres-Schnell"; "Sally Bilodeau"; "Brenda Pohlmann"; 'Dave Johnson'; 'Kevin Fisher'; "Todd Tietjen"; Nagai,Carol A; 'Eric Fordham'; Teraoka,Jill C; Chaudhuri,Mickey; Lopez,Maria T; Scully,Marcia L; Liang,Sun; "Ted Wolff"; "David Johnson"; 'Scott Bryan'; "Orestes Morfin"; Kuo Brinton,Betty L; James Carlton Parker; Greg Lovato; Lisa Fleming; Sandra J. Gotta; Peggy Roefer; mfairbank@ag.nv.gov; 'sc.anderson@lvvwd.com'
Cc: Christa Smaling; "Tom Huetteman"; Dave Emme; 'John Pekala'; 'Kimberly Schmidt Kuwabara'; 'Chris Ritchie'
Subject: RE: NERT Stakeholders Quarterly Call

All,

Please find the draft Agenda for the August 3, 2016 NERT Stakeholder Quarterly Call. Please let me know if you have any items that you would like NDEP or NERT to spend additional attention on no later than July 29, 2016 to allow time to prepare.

Thank you and talk to you all soon,

JD

<image001.jpg>

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-----Original Appointment-----
From: Weiquan Dong
Sent: Tuesday, June 28, 2016 8:39 AM
To: Weiquan Dong; "Kirk Stowers"; "Kurt Fehling"; 'Fong, Alison'; "Dustin Minor"; 'Jeff Scott'; "Katherine Baylor"; 'Letitia Moore'; "Steve Armann"; "Jay A. Steinberg, President"; "Andrew Steinberg"; 'Steve Clough'; 'Mark Hatch'; 'Tanya O'Neill'; 'Allan DeLorme'; 'John Pekala'; "Derek Amidon"; "Dan Pastor"; 'Harry Van Den Berg'; "Carmen Caceres-Schnell"; "Sally Bilodeau"; "Brenda Pohlmann"; 'Dave Johnson'; 'Kevin Fisher'; "Todd Tietjen"; "Carol Nagai"; 'Eric Fordham'; "Jill Teraoka"; 'Mickey Chaudhuri'; "Maria Lopez"; "Marcia Scully"; 'Sun Liang'; "Ted Wolff"; "David Johnson"; 'Scott Bryan'; "Orestes Morfin"; 'Betty Kuo'; James Carlton Parker; Greg Lovato; James Dotchin; Lisa Fleming; Sandra J. Gotta; Peggy Roefer;mfairbank@ag.nv.gov; 'sc.anderson@lvvwd.com'
Cc: Christa Smaling; "Tom Huetteman"; Dave Emme; 'John Pekala'; 'Kimberly Schmidt Kuwabara'; 'Chris Ritchie'
Subject: NERT Stakeholders Quarterly Call
When: Wednesday, August 03, 2016 1:30 PM-3:30 PM (UTC-08:00) Pacific Time (US & Canada).
Where: Conf Rm Warm Springs LV

All,

The NERT stakeholders call is scheduled quarterly, but it can be added as it needs.

The agenda will be sent out before the call.

Conference call number is 1-877-848-7030, and access code is 5921807.

Thanks,

Weiquan

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