Date August 3, 2012

Nanco, Inc.
Attn: Gerald Neil
8189 Olive School Ln
Winters, CA 95694

POSTPONEMENT OF FINAL DISPOSITION ON PROPOSED ADMINISTRATIVE CIVIL LIABILITY ORDERS, SPALDING TRACT SUBDIVISION, LASSEN COUNTY

At its July 11, 2012 hearing, the Lahontan Regional Water Quality Control Board (Water Board) voted to postpone taking final action on whether to issue to you a final administrative civil liability for either not connecting your wastewater disposal system to the community sewer system or properly abandoning your disposal system. The Water Board postponed its final disposition on the matter until its tentatively scheduled board meeting for October 10-11, 2012, in South Lake Tahoe. In making the postponement, the Water Board expressed its desire for you to take advantage of the full construction season to bring all your properties into compliance.

Please inform the Water Board when you have either 1) connected your on-site wastewater disposal system to the Spalding Community Services District community sewer system, or 2) properly abandoned your on-site wastewater disposal system in accordance with Lassen County regulations.

The enclosed Hearing Procedures provides information and deadlines on the type of response requested from you and how the October hearing will be conducted.

If you have any additional questions or concerns regarding this matter, please contact one of the Advisory Team members:

Douglas F. Smith DFSmith@waterboards.ca.gov (530) 542-5453, or
Kimberly Niemeyer KNiemeyer@waterboards.ca.gov (916) 341-5547, or
me at PZKouyoumdjian@waterboards.ca.gov (530) 542-5412.

Patty Z. Kouyoumdjian

PATTY Z. KOUYOUMDJIAN
EXECUTIVE OFFICER

Enclosures: Hearing Procedures October 2012

Cc: Lauri Kemper, Assistant Executive Officer, Lahontan Water Board
David Boyers, Office of Enforcement, State Water Board
Chris Gallagher, General Manager/Spalding Community Services District
Virginia Bruce/Spalding Community Services District
Alan Jones, Director/Lassen County Environmental Health Department
Kenneth Bunch/Lassen County Assessor
Maurice Anderson/Lassen County Building Department

NOTICE OF CONTINUED HEARING AND DEADLINE FOR SUBMITTING EVIDENCE AND COMMENTS

In April of this year, you received an Administrative Civil Liability Complaint (Complaint) regarding your property in the Spalding Tract, Eagle Lake, Lassen County. The Complaint proposes that the California Regional Water Quality Control Board, Lahontan Region (Water Board) impose liability on you for your alleged failure to comply with an Order of the Water Board. The Water Board considered a proposed order that would have issued liability against you during its regularly scheduled meeting on July 11, 2012 in South Lake Tahoe. The Water Board decided at that hearing to postpone final disposition of this matter until its October 10-11, 2012 board meeting, allowing you additional time to come into compliance, potentially justifying reduction of the amount of the proposed liability.

Please read this Notice of Hearing carefully. You must respond by the dates in this Notice or the Water Board may not accept your response to the Complaint. A summary of these dates are as follows:

DATE	NATURE OF THE SUBMITTAL
September 21, 2012	Submit all written evidence and response to the Complaint

Nature of Hearing

The evidence that is being put forward to justify the imposition of the liability has previously been submitted to you. A copy of the complaint and the proposed order that was presented to the Water Board for consideration is available at:

http://www.waterboards.ca.gov/lahontan/board_info/agenda/2012/jul/spalding_acl.pdf

[Please contact Douglas F. Smith at DFSmith@waterboards.ca.gov (530) 542-5453 if you need that information mailed to you].

You will be given the opportunity to present a written response to the allegations made in the Complaint, including any additional evidence you want the Water Board to consider, and to present an oral summary of that information to the Water Board at the October hearing.

As described in the hearing notice sent out May 3, 2012 for the July hearing, at which this matter was first heard, the continued hearing (which is an adjudicative proceeding), will be governed by the regulations codified in Title 23, California Code of Regulations (CCR), Division 3. These regulations provide that, with certain exceptions, adjudicative proceedings will be conducted in accordance with sections 800-805 of the

Evidence Code and section 11513 of Chapter 5 of the Government Code. (Other provisions of Chapter 5 of the Government Code do not apply to adjudicative proceedings before the Regional Water Boards). A copy of those regulations and Chapter 4.5 of the Administrative Procedures Act, section 11513 of the Government Code and sections 801-805 of the Evidence Code can be found at http://www.waterboards.ca.gov/laws_regulations/. These procedures provide an opportunity for you, your representatives or others who may have information pertinent to this matter to address the Water Board; however, pursuant to section 648(d) of title 23 of the CCR, these procedures are intended to be less formal, excluding the opportunity to examine or cross-examine witnesses.

Submittal of Evidence / Comments

As indicated above, you will have an opportunity to submit written comments or evidence in response to the Complaint and proposed order. This material must be submitted to the Water Board Executive Officer no later than 5:00 p.m. on Friday, September 21, 2012.

In accordance with Title 23, California Code of Regulations, section 648.4, the Water Board endeavors to avoid surprise testimony or evidence. Absent a showing of good cause and lack of prejudice to either you or the Water Board Prosecution staff, the Water Board may exclude evidence and testimony that is not submitted in accordance with this hearing procedure. Excluded evidence and testimony will not be considered by the Water Board and will not be included in the administrative record for this proceeding. Power Point and other visual presentations may be used at the hearing, but their content may not exceed the scope of other submitted written material. A written and electronic copy of such material that you intend to present at the hearing must be submitted to the Advisory Team at or before the hearing for inclusion in the administrative record. Additionally, anyone who has submitted written testimony for the hearing shall appear at the hearing and affirm that the written testimony is true and correct, and shall be available for questions.

The evidence / comments must not exceed 10 total pages, must not include color copies, and all pages must be 8½x11 inches in size. Please email the material electronically to the following individuals:

Water Board Advisory Team members:
Douglas F. Smith at DFSmith@waterboards.ca.gov
Patty Z. Kouyoumdjian at PZKouyoumdjian@waterboards,ca.gov
Kimberly M. Niemeyer at KNiemeyer@waterboards.ca.gov

Water Board Prosecution Team members:
Lauri Kemper at LKemper@waterboards.ca.gov
David Boyers at DBoyers@waterboards.ca.gov
Scott Ferguson at SFerguson@waterboards.ca.gov
Lisa Scoralle at LScoralle@waterboards.ca.gov

In the email subject line, write the phrase **"Comment Letter – Spalding Proposed ACL"**. If your submittal cannot be emailed, you must submit one original and 11 hard copies of the original (double sided and three-hole punched) to the Water Board Executive Office, Patty Z. Kouyoumdjian at the following address, either by facsimile (530) 544-2271 or by surface mail/courier:

Patty Z. Kouyoumdjian, Executive Officer
Lahontan Regional Water Quality Control Board
2501 Lake Tahoe Boulevard
South Lake Tahoe, CA 96151

Separation of Functions

To help ensure the fairness and impartiality of this proceeding, the functions of those who will act in a prosecutorial role by presenting evidence for consideration by the Water Board (Prosecution Team) have been separated from those who will provide advice to the Water Board (Advisory Team). Members of the Advisory Team are: Patty Kouyoumdjian, Executive Officer, Douglas F. Smith, Supervising Geologist, and Kim Niemeyer, Staff Counsel. Members of the Prosecution Team are: Lauri Kemper, Assistant Executive Officer, Chuck Curtis, Supervising Engineer, Scott Ferguson, Senior Engineer, Lisa Scoralle, Engineering Geologist, David Boyers, Staff Counsel. Any members of the Advisory Team who normally supervise any members of the Prosecution Team are not acting as their supervisors in this proceeding, and vice versa. Members of the Prosecution Team may have acted as advisors to the Water Board in other, unrelated matters, but they are not advising the Water Board in this proceeding. Members of the Prosecution Team have not had any ex parte communications with the members of the Water Board or the Advisory Team regarding this proceeding.

Ex Parte Communications

You and your representatives, any member of the Water Board Prosecution Team and interested persons are forbidden from engaging in ex parte communications regarding this matter with members of the Advisory Team or members of the Water Board. An ex parte contact is any written or verbal communication pertaining to the investigation, preparation or prosecution of the proposed Complaint between you, anyone representing you, any member of the Prosecution Team or interested person on the one hand, and a Water Board member or an Advisory Team member on the other hand, unless the communication is copied to all others (if written) or made in a manner open to all others (if verbal). Communications regarding non-controversial procedural matters are not ex parte contacts and are not restricted. Communications among you, your representative, the Prosecution Team or any interested person are not ex parte contacts.