



**Pacific Gas and
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Via Electronic Mail

Mr. Harold J. Singer
Executive Officer
Regional Water Quality Control Board Lahontan Region
2501 Lake Tahoe Blvd
So. Lake Tahoe, CA 96150
hsinger@waterboards.ca.gov

Re: PG&E Voluntary Whole House Replacement Water Program

Dear Executive Officer Singer:

Thank you for taking the time on April 6, 2012, to talk with us about both the Feasibility Study submitted on April 9, 2012 in compliance with the Amended Cleanup and Abatement Order No. R6V-2011-0005A1 (2011 Order), and the voluntary Whole House Replacement Water Program we announced on the same date. As we discussed, in addition to the residents with domestic wells above the current background value of 3.1 ppb for hexavalent chromium (chromium 6) included in the Feasibility Study (compliance driven program), Pacific Gas and Electric Company (PG&E) has committed to a voluntary program that will be applicable to all residents within 1 mile of the 4th quarter plume boundary that have chromium 6 in their domestic wells above non-detect. PG&E introduced the concept of the voluntary Whole House Replacement Water Program in our April 9, 2012 Feasibility Study transmittal letter and explained the details of the program during an April 10, 2012 meeting with the Community Advisory Committee (CAC), the CAC technical advisor (the Independent Review Panel "IRP" manager) as well as staff and attorneys from the Lahontan Regional Board and State Water Resources Control Board.

Since last year, PG&E has been actively listening to and working with the community in one-on-one meetings, community open houses, tours of our facilities, and through the CAC and its monthly public meetings. We staff a local office with bilingual representatives and have announced programs to invest in the community through improvements to the Hinkley School, local workforce development programs and support of local non-profit organizations working in the Hinkley area. Hinkley residents have expressed appreciation for the expanded bottled water program PG&E currently provides, but have remained concerned with using their well water for other purposes. PG&E heard these concerns and in August of 2011, and although PG&E does not believe the

chromium 6 levels detected in the groundwater pose a health risk, we made a commitment to explore ways to provide whole house replacement water to the community. The voluntary Whole House Replacement Water Program we announced on April 9 is a direct result of PG&E's commitment in August 2011, and reflects our ongoing dialogue with the Hinkley community and the CAC, who have indicated that the desire for clean water is a top priority. We look forward to implementing the replacement water program, working with the CAC, the IRP manager and the Hinkley community.

PG&E believes that our voluntary program significantly expands and fully meets the intent of Paragraph 3 of the 2011 Order making this provision moot. Further, as we remain convinced that there is no credible statistical method available to determine if PG&E has impacted wells below the background values for chromium 6, we believe that rather than expend the Regional Board's time and resources to continue to discuss the issue, the best and quickest option is for PG&E to move forward with the voluntary program we have proposed to the community. As the Regional Board heard during the April 10, 2012 meeting with the CAC and their technical advisor, community representatives expressed appreciation and support for the voluntary Whole House Replacement Water Program. Committee Member and Vice Chair, Jon Quass also expressed a preference for the program to remain voluntary in nature and not a regulatory requirement.

The following are specifics of both the compliance based and voluntary Whole House Replacement Water Programs:

I. Program Eligibility

In order to be eligible for the Whole House Replacement Water Program or property purchase option, the residence must meet the following criteria:

- The property has a residence with an active domestic well and is located within one mile of the Fourth Quarter 2011 chromium 6 plume; and
- The domestic well has been tested by PG&E within the last six months with results for chromium 6 levels greater than non-detect.

II. Whole House Replacement Water Program Options

For eligible residents who choose to participate, PG&E's Whole House Replacement Water Program will provide a reliable water supply that can be used for indoor uses such as drinking, cooking and bathing. This program will replace the bottled water program.

As part of the program, PG&E will fully pay for one of the following two options:

- 1) Drilling a deeper well (where feasible) on the residential property to draw water from the lower aquifer, or;
- 2) Individual whole house systems that treat water at the well head (supplemented by small under-sink treatment systems)

These options will both provide a reliable water supply for indoor domestic uses at levels below the current laboratory reporting limit for chromium 6 of 0.06 ppb. If a deep well is installed, PG&E will continue to pay for monitoring to ensure that the chromium 6 levels remain below 0.06 and if a whole house system is installed, PG&E will pay for installation, operation, maintenance and monitoring of the system for the period of time described further below.

If eligible residents decide that one of the technical options described above is not the right option for them, the property owner may request property purchase during the public engagement process currently scheduled to end on August 31, 2012. PG&E intends to close-out our property purchase program by the end of 2012, except in select instances where the property is needed for remediation purposes.

III. Whole House Replacement Water Program Term

PG&E's Whole House Replacement Water Program will be offered until the State of California has adopted a drinking water standard specifically for chromium 6 or for up to 5 years at which time the program will be evaluated to allow for the consideration of all existing data and results of any new studies relating to background and/or remediation.

IV. Voluntary Whole House Replacement Water Roll-out Schedule

Mail Resident Outreach Letter and Fact Sheet: Completed
Begin Interviews/Meetings with Eligible Residents: 4/30/12
Community Open House: 6/2012
Resident Program Selection Deadline: 8/31/12
Begin Implementation/Installation: 10/1/12 (or sooner)

We understand and share your desire to implement the recommended whole house water options as quickly as possible, especially for those residents with domestic well detections of chromium 6 above 3.1 ppb included in the Feasibility Study. For those 17 homes, we plan to reach out this week to the individuals and schedule one-on-one meetings to discuss their options (we can also provide these residents with copies of the Feasibility Study document as mentioned by the Regional Board during our April 6, 2012 meeting). We will provide the Regional Board with a summary of the preferred option for each of the 17 residents and will implement the selected option within 90 days of Regional Board approval to the extent practicable. We may need additional time to implement if the residents select the property purchase option or if we need to gather technical data to support the installation of a deeper well. If we need additional time, we will include that request when we submit the outreach results to the Regional Board.

With respect to the voluntary program, we agree that it is important to balance giving residents enough time to fully understand and carefully consider their options, while still moving forward with implementation as quickly as possible. We will expedite as many aspects of the program as possible and will provide the Regional Board with regular status updates.

We appreciate your support and assistance as we implement this voluntary plan. PG&E believes the voluntary Whole House Replacement Water Program provides a path forward that is true to the expressed findings and intent of the 2011 CAO. Additionally, we believe a voluntary program is the best solution to expeditiously address community concerns that exist regarding domestic well water supplies while the State of California completes its process of determining the safe drinking water standard specifically for hexavalent chromium. We look forward to receiving your letter regarding the Whole House Replacement Water Program and compliance with the 2011 Order. If you have any questions, please feel free to call me.

Sincerely,

A handwritten signature in cursive script that reads "Sheryl Bilbrey".

Sheryl Bilbrey
PG&E
Director, Chromium Remediation