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State Water Resources Control Board

Division of Financial Assistance

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Arnold Schwarzenegger
Governor

September 27, 2010

To: Underground Storage Tank (UST) Cleanup Fund (Fund) Claimants and Interested Parties

CLARIFICATION REGARDING CHANGES IN UNDERGROUND STORAGE TANK CLEANUP FUND OPERATIONS

We are writing this letter in response to various inquiries we have received on our September 9, 2010 letter, and to help claimants plan their work and expenditures for the remainder of this fiscal year. Specifically, we are clarifying the amount available for reimbursement of costs incurred both this fiscal year and past years. It is likely the Fund will not be able to reimburse some costs incurred for the remainder of this year until the next fiscal year (after July 1, 2011) if claim expenditures remain at their current rate.

Reimbursements of Old Costs

As indicated in our September 9, 2010 letter, “old costs” are any eligible corrective action costs incurred before July 1, 2011. These include costs that have been approved for reimbursement by the Fund and are now on hold awaiting revenue, any appealed costs approved in past or future decisions, and other costs that have been incurred but not yet submitted to the Fund. Based on current projections, we expect to have approximately \$215 million in fiscal year 2010/2011 to pay “old costs” for Priority A, B, and C claims.

Of this \$215 million, however, approximately \$120 million has already been set aside to pay for reimbursement requests that have already been approved and are currently on hold for payment while we wait for a State budget to be approved. Another \$45 million in reimbursement requests have been submitted and are in the review and approval process.

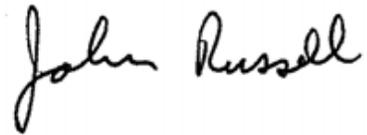
Based on the current reimbursement request submittal rate, the Fund expects to exhaust the money available for reimbursement of costs incurred this year in early Spring of 2011. Depending on the rate of expenditures by claimants, the Fund anticipates that up to \$60 million in reimbursement requests from this fiscal year will be carried over for payment into the next year. We anticipate that sufficient funds will be available next fiscal year to pay off the remainder of these “old costs”. However, any carry over costs will reduce the amount of money available for the new site budgets that will be implemented next year.

Claimants and their consultants should plan accordingly as they conduct work during the remainder of this fiscal year.

If you have any questions or concerns, please contact the Fund at (800) 813-FUND (3863) or by e-mail at USTCleanupFund@waterboards.ca.gov. Additional Fund related information, can be found on the web site at:

http://www.waterboards.ca.gov/water_issues/programs/ustcf/.

Sincerely,

A handwritten signature in black ink that reads "John Russell". The signature is written in a cursive style with a large initial "J" and "R".

John Russell, Fund Manager
Underground Storage Tank Cleanup Fund