

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
MARCH 4, 2014**

ITEM 4

SUBJECT

CONSIDERATION OF A PROPOSED RESOLUTION TO ALLOCATE FUNDS FROM THE CLEANUP AND ABATEMENT ACCOUNT (CAA) TO THE LAHONTAN REGIONAL WATER QUALITY CONTROL BOARD (LAHONTAN WATER BOARD) AND TO AUTHORIZE THE EXECUTIVE DIRECTOR OR DESIGNEE TO EXECUTE AN AGREEMENT BETWEEN THE U.S. GEOLOGICAL SURVEY (USGS) AND THE LAHONTAN WATER BOARD FOR THE INVESTIGATION OF BACKGROUND LEVELS OF CHROMIUM IN THE HINKLEY VALLEY (PROJECT).

DISCUSSION

Since 1952, Pacific Gas and Electric Company (PG&E) has operated a natural gas compressor station in the Hinkley Valley of San Bernardino County, just southeast of the town of Hinkley. From 1952 to 1965, a hexavalent chromium-based corrosion inhibitor was added to water used in the cooling towers, and the untreated cooling tower water was discharged to unlined evaporation ponds. Waste chromium percolated to the groundwater aquifer, resulting in a chromium plume affecting a large area of the Hinkley Valley. The groundwater aquifer is the sole source of water supply for residents in the Hinkley Valley.

PG&E deposited \$4,486,800 in CAA. The intended purpose of these funds is to allow the Lahontan Water Board to execute an interagency agreement with the USGS to conduct environmental investigations in the Hinkley area to assess background levels of chromium in groundwater.

Establishing accurate background levels of chromium is important to the residents of Hinkley, the regulatory efforts of the Lahontan Water Board and the remedial efforts of PG&E. Background levels are used to depict the chromium plume boundary, which defines what is and what is not considered waste chromium in groundwater attributable to PG&E's historic discharge. Established background levels are one factor the Lahontan Water Board must consider when setting cleanup goals for the Hinkley site. Cleanup goals are needed to assess remediation progress and to determine when cleanup is complete.

Hinkley community stakeholders have expressed a strong desire to leverage the unbiased, highly regarded technical skills that the USGS offers. The USGS has unique expertise on the occurrence of chromium in aquifers of the Mojave Desert, and has developed specialized techniques to investigate the sources of chromium in groundwater.

The USGS is a federal agency, and is generally restricted from accepting funds from private entities. However, the USGS may accept funds from State agencies to conduct investigations. To that end, PG&E has provided funding to CAA to allow the Lahontan Water Board to execute an interagency agreement with the USGS to conduct investigations to determine accurate and credible background levels of chromium.

POLICY ISSUE

Should the State Water Board:

1. Approve the allocation of \$4,486,800 from the CAA to the Lahontan Water Board for the Project?
2. Authorize the Executive Director or designee to execute, on behalf of the Lahontan Water Board, an agreement with the USGS to conduct the Project?

FISCAL IMPACT

There is no anticipated fiscal impact to the state, as the funding sources for the contract are PG&E and the federal government. Further, PG&E participates in the State Water Board's cost recovery program, and all staff costs associated with overseeing the contract will be reimbursed by PG&E.

REGIONAL BOARD IMPACT

Lahontan Water Board staff will prepare the contract documents and oversee implementation of the Project.

STAFF RECOMMENDATION

The State Water Board should adopt the proposed Resolution

<p>State Water Board action on this item will assist the Water Boards in reaching Goal 2 of the Strategic Plan Update: 2008-2012, to improve and protect groundwater quality in high-use basins by 2030.</p>
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STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2014-

ALLOCATE FUNDS FROM THE CLEANUP AND ABATEMENT ACCOUNT (CAA) TO THE LAHONTAN REGIONAL WATER QUALITY CONTROL BOARD (LAHONTAN WATER BOARD) AND AUTHORIZE THE EXECUTIVE DIRECTOR OR DESIGNEE TO EXECUTE AN AGREEMENT BETWEEN THE U.S. GEOLOGICAL SURVEY (USGS) AND THE LAHONTAN WATER BOARD FOR THE INVESTIGATION OF BACKGROUND LEVELS OF CHROMIUM IN THE HINKLEY VALLEY (PROJECT)

WHEREAS:

1. The Lahontan Water Board is requesting \$4,486,800 from the CAA to fund a contract with the USGS to conduct environmental investigations in the Hinkley Valley, San Bernardino County. The funding source for the amount requested from the CAA is the Pacific Gas and Electric Company (PG&E).
2. Under the terms of a Memorandum of Understanding between the Lahontan Water Board and PG&E signed February 2014, PG&E has provided funds for the Lahontan Water Board to enter into a contract with the USGS to develop workplans and conduct groundwater investigation activities in the Hinkley area to assess background levels of chromium in groundwater.
3. Since 1952, PG&E has operated a natural gas compressor station in the Hinkley Valley of San Bernardino County, just southeast of the town of Hinkley. From 1952 to 1965, a hexavalent chromium-based corrosion inhibitor was added to water used in the cooling towers, and the untreated cooling tower water was discharged to unlined evaporation ponds. Waste chromium percolated to the groundwater aquifer, resulting in a chromium plume affecting a large area of the Hinkley Valley.
4. The Lahontan Water Board is the lead agency for the environmental investigation and cleanup of waste chromium in Hinkley area groundwater. The Lahontan Water Board is requiring PG&E to conduct remedial actions to clean up waste chromium in this groundwater.
5. State Water Resources Control Board (State Water Board) [Resolution No. 92-49](#) requires that dischargers clean up waste to either background water quality, or the best water quality that is reasonable if background levels of water quality cannot be restored, while at the same time restoring water quality to support existing and future beneficial uses.
6. The Lahontan Water Board must establish, based on information provided by the discharger, background levels of chromium. Established background levels are one factor that the Lahontan Water Board must consider when setting cleanup goals for the Hinkley site.
7. Establishing accurate background levels of chromium is also important to the residents of Hinkley.

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8. The USGS is a federal agency, and is generally restricted from accepting funds from private entities. However, the USGS may accept funds from State agencies to conduct investigations. PG&E, as the discharger, is required to clean up waste discharges consistent with applicable requirements of the California Water Code and State Water Board policy, and in a manner that promotes the attainment of either background water quality, or the best water quality which is reasonable if background levels of water quality cannot be restored. PG&E has provided funding to conduct investigations to determine accurate background levels.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Approves the allocation of \$4,486,800 from the CAA to the Lahontan Water Board for the purposes of the Project.
2. Approves the funding with the understanding that PG&E has contributed \$4,486,800 to the CAA for the Project.
3. Approves the funding with the understanding that the USGS will provide \$892,500 in federal matching funds for the Project.
4. Authorizes the Executive Director or designee to execute, on behalf of the Lahontan Water Board, an agreement with the USGS to conduct the Project.

CERTIFICATION

The undersigned Clerk to the Board does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on March 4, 2014.

Jeanine Townsend
Clerk to the Board