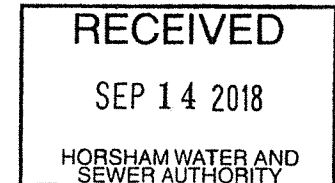




DEPARTMENT OF THE AIR FORCE
HEADQUARTERS 111TH ATTACK WING
HORSHAM AIR GUARD STATION PENNSYLVANIA

3 August 2018

TO: Horsham Water Sewer Authority
Attn: Tina O'Rourke
Horsham Water and Sewer Authority
617 Horsham Road
Horsham, PA 19044



FROM: Colonel William R. Griffin
Commander, 111th Attack Wing
Horsham Air Guard Station, PA 19044

SUBJECT: Horsham Air Guard Station Waste-Water Discharge of PFC

Ms. O'Rourke,

This letter is in response to the letter by Horsham Water and Sewer Authority (HWSA) dated January 26, 2018. After our in person meeting we revised our responses below based on those discussions, please see our responses below.

1. Expanded insurance coverage:

Although there is no legal prohibition on paying for Pollution Legal Liability (PLL) insurance premiums, there is also no requirement that this cost be reimbursed. As the Air National Guard (ANG) has previously stated, it is the ANG's determination that the cost for acquiring PLL insurance is not worth the potential benefit. The City has pointed out that the Navy is paying for PLL insurance. It is our understanding that the Navy is paying PLL because they are actually constructing filtration systems for Horsham and therefore the Navy is (presumably) a named insured on the PLL policy and the insurance will protect both the Navy and the City in the event that the filtration system does not work.

The ANG does, however, appreciate that the City raised this issue. As we've relooked at the invoices submitted by the City it appears that the National Guard Bureau (NGB) inadvertently paid about \$12,000 (approximately) early on to Horsham for insurance costs. It is unclear exactly how much of this 12,000 was for PLL and how much was for other insurance costs that we agreed to pay for. NGB has requested that the 111th Attack Wing (ATKW) take a hard look at these early invoices to see just how much was overpaid to the City. Personnel from my office will need to contact your office to obtain a breakdown on how these insurance payments were spent. Overpayments made to the City will be treated by NGB as a credit and will use said credit against future payments to the City. Invoices 5, 6 and 7 have been reviewed and appropriate costs have been identified. In the future these costs will not be paid.

2. Current or new Sampling and Analysis Costs associated with Wastewater

Although the City has demonstrated that it has incurred costs for testing and reports that are a direct result of PFC releases from Horsham Air Guard Station (HAGS), what is not clear is the correct funding device to pay these costs. The 111 ATKW pays a fee to HWSA for each gallon of water that is released into the HWSA system. It would appear that any additional costs associated with wastewater should be accomplished through the City's fee structure with 111 ATKW.

It is the understanding of NGB that the Pennsylvania Department of Environmental Protection (PADEP) required the City (through the PADEP NPDES Permit to the City) to: 1) implement pretreatment requirements on the HWSA; 2) test HWSA effluent at least once a week; and 3) submit a monthly report to PADEP. It is also the understanding of NGB that in discussions between the City and the 111 ATKW, that the 111 ATKW agreed to fund these costs through an existing Cooperative Agreement (CA) for municipal water connections and well abandonments. NGB does not want to go back on this agreement but these testing and reporting costs are only tangentially related to the purposes of the CA and therefore NGB cannot agree to continue this practice once the funds in the current CA have been expended. Therefore NGB will continue to fund these costs with the CA for now but future costs will need to be addressed as part of the Water Bill as testing HWSA water is a governmental function of the City and is to be paid for as any other testing requirement. Fortunately future costs should be greatly reduced. NGB has implemented a "pretreatment system" when it funded a temporary filtration system on Horsham AGS's drinking water. This has reduced PFCs that flow into the HWSA waste water system. Consequently, it is NGB's understanding that PADEP has reduced the number of sampling events required for Horsham.

3. Previous Sampling and Analysis Costs associated with Stormwater

NGB is working directly with PADEP, who has the regulatory lead on this issue. NGB is providing all of its testing data to HWSA. If HWSA is unclear on any of the data provided, they can request clarification from either NGB or PADEP, there is no need for additional consultant or other administrative fees.

4. Pretreatment for wastewater discharges (specifically PFCs)

The new drinking water system at Horsham AGS will have a completed filtration system in approximately 2 years and will preclude the need for a pretreatment system. But ultimately, this is still going to be a PADEP issue as any pretreatment requirements are going to be tied to HWSA's renewal of its NPDES permit. So any meeting with HWSA will require PADEP attendance.

5. Legal, engineering and administrative fees

These fees were adequately funded for the scope of work outlined in the current military construction cooperative agreement (MCCA) and cooperative agreement (CA) for municipal water connections and well abandonments. These funds cannot be co-mingled to cover costs. Invoices 5, 6 and 7 have been reviewed and appropriate costs have been identified. In the future these costs will not be paid.

6. Private well connections

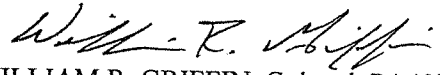
The current CA provides adequate funding for municipal water connections and well abandonments. To date, the LaRocca Estate, Graeme Park, and one residential private well owner have been connected to HWSA's drinking water distribution system. It is the understanding of NGB that only one well remains that is merely for an abandonment. NGB will, of course, continue to determine to see whether any additional wells need to be connected or not as NGB continues its investigative process. There is also some concern that some fees may have been paid out of the CA for activities not connected with the purposes of the CA. NGB has requested that the 111 ATKW take a hard look at the invoices attributed to this CA to determine whether NGB has overpaid the City. Personnel from my staff may need to contact your office for verification on how these funds were expended. Overpayments made to the City will be treated by NGB as a credit and will use said credit against future payments to the City.

7. Compliance Activities

It is the understanding of NGB that HWSA wants to utilize what remains of the Tapping Fee Escrow (from MCCA #1) within the current MCCA to fund various compliance activities being undertaken by HWSA. It should be noted that a fundamental requirement of federal fiscal law is that funds appropriated through Congress are to be used for the purpose appropriated. Therefore, NGB needs to review and approve any expenditure under the MCAA, not specifically related to a Tapping Fee, to ensure that any modification is made pursuant and compliant with both the MCAA and federal law. Any request for use of the Tapping Fee for any other use must be approved on a case-by-case basis before it is taken from the

escrow account. It should also be noted that once these funds are exhausted there is no guarantee that NGB will enter into another Cooperative Agreement.

Sincerely

A handwritten signature in black ink, appearing to read "William R. Griffin". The signature is written in a cursive style with a prominent initial "W".

WILLIAM R. GRIFFIN, Colonel, PAANG
Commander