



State of Ohio Environmental Protection Agency

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STREET ADDRESS:

MAILING ADDRESS:

Lazarus Government Center
50 W. Town St., Suite 700
Columbus, Ohio 43215

TELE: (614) 644-3020 FAX: (614) 644-3184
www.epa.state.oh.us

P.O. Box 1049
Columbus, OH 43216-1049

SEPTEMBER 18, 2007

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OHIO EPA

SEP 18 2007

Yogi Chokshi, Vice President
Reserve Environmental Services, Inc.
4633 Middle Road
Ashtabula, Ohio 44004

DIV. OF HAZARDOUS
WASTE MGT.

**Re: Reserve Environmental Services, Inc.
OHD 980 793 384 Financial Assurance
Partial Return to Compliance**

Dear Mr. Chockshi:

On June 27, 2007, I completed a review of the financial assurance documentation on file for the Reserve Environmental Services, Inc. (RES), Ashtabula, Ohio facility referenced above. I evaluated the facility for compliance with financial assurance and liability requirements set forth in the Ohio Administrative Code (OAC) rules 3745-66-42 through 3745-66-47.

I also evaluated the facility for compliance with the financial assurance related requirements set forth in the October 28, 2003 Modified Consent Order (Consent Order), State of Ohio v. Reserve Environmental Services, Inc. Case No. 93-CV-563.

To demonstrate compliance with the financial assurance requirements for closure/post-closure care for the facility, RES uses Letter of Credit (LOC) No. S91/90343 issued by Key Bank in the amount of \$852,000.

To demonstrate liability coverage, RES uses a Hazardous Waste Facility Certificate of Liability Insurance, Policy No. PEC000311402, through Greenwich Insurance Company. The policy was effective until May 26, 2004.

On July 17, 2007 Ohio EPA received updated cost estimates for closure, post-closure and corrective actions:

- Site A (Old) Pond 1, closure \$328,858, post-closure \$1,032,684, for a total of \$1,361,542;
- Site A, Lagoons 3-7, closure \$1,577,725 post-closure \$790,272 for a total of \$2,367,997;

Ted Strickland, Governor
Lee Fisher, Lieutenant Governor
Chris Korleski, Director



- Site C, closure \$1,031,398 post-closure \$1,331,289 for a total of 2,362,687;
- Site D, closure \$664,111, post-closure \$358,092, corrective actions \$3,919,173 for a total of \$4,941,376;
- and Site E, closure \$74,704, post-closure \$111,132 for a total of \$185,836.
- Total of all activities subject to financial assurance: is listed as \$10,555,328. this does not appear to include the closure cost estimate for Site D of \$664,111 which brings the total combined cost estimate to \$11,219,438.

As a result of the review of the financial assurance documentation on file, Ohio EPA finds that RES has returned to compliance for the following rules and is no longer in contempt of the following requirements of the consent order:

ATC 154 OAC rules 3745-66-42(B), 3745-66-44(B) and paragraphs 14, 19, 27 and 35 of the October 28, 2003 Consent Order.

As a result of the review of the financial assurance documentation on file, Ohio EPA finds that RES remains in violation of the following rules and is in contempt of the following requirements of the consent order:

153 OAC rule 3745-66-43, 3745-66-45 and paragraphs 40 of the October 28, 2003 Modified Consent Order. OAC rule 3745-66-43(F) and 3745-66-45(F) require that the combination of financial assurance mechanisms must provide for an amount at least equal to the current closure and post-closure cost estimates. The most recent cost estimates of \$11,219,438 and RES's LOC totaling \$852,000, leaves RES's financial assurance underfunded by \$10,367,438. Paragraph 41 requires that by March 1st of each year that RES will submit to Ohio EPA documentation of financial responsibility or, in the alternative, if RES is unable to obtain financial assurance RES will update their inability to pay documentation. Please see Attachment B of the October 28, 2003 Modified Consent Order.

RES must immediately submit financial assurance to cover their updated cost estimates or update their inability to pay documentation as soon as possible.

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156 OAC rule 3745-66-47 and paragraphs 41 of the October 28, 2003 Modified Consent Order.

OAC rule 3745-66-47 requires that RES maintain third party liability coverage. Paragraph 41 requires that by March 1st of each year that RES will submit to Ohio EPA documentation of third party liability coverage or, in the alternative, if RES is



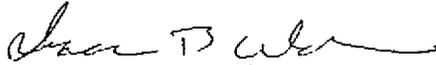
Yogi Chokshi, Vice President
Reserve Environmental Services, Inc.
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unable to obtain third party liability coverage RES will update their inability to pay documentation. Please see Attachment B of the October 28, 2003 Modified Consent Order.

RES must immediately submit documentation of 3rd party liability coverage or update their inability to pay documentation as soon as possible.

If you have any questions, or need further clarification of any matter mentioned in this letter, please do not hesitate to call me at (614) 644-3067. I will be happy to assist you in any way possible.

Sincerely,



Isaac B. Wilder
Compliance Assurance Section
Division of Hazardous Waste Management

cc: Tammy McConnell, RIS, DHWM
Dan Martin, AGO, EES
Jim Kavalec, CAS, DHWM
Frank Zingales, NEDO, DHWM

