

Fundamentals (2.b): Cost Recovery Billing/Collection Backlog

Evaluate unbilled and uncollected cost, and pursue collection of response costs to the maximum extent reasonably possible.

Goal: Maximize the recovery of DTSC's past, present, and future response costs by comprehensively evaluating its unbilled and uncollected costs, with the ultimate goal of pursuing collection efforts for all unbilled and uncollected costs to the maximum extent reasonably possible.

DTSC incurs direct cleanup costs and oversight costs (collectively, response costs) in remediating contaminated properties and DTSC is authorized to recover these costs from responsible parties (i.e., those parties responsible for the contamination). DTSC's cost recovery efforts, however, have been impeded by the lack of updated cost recovery procedures that clearly define the roles and responsibilities of all DTSC staff with respect to the cost recovery process. As a result of these impediments, a portion of DTSC's past response costs either have not been billed to billable or responsible parties or have been billed, but remain uncollected. DTSC will evaluate its unbilled and uncollected costs in order to initiate collection efforts for these costs to the maximum extent reasonably possible.

There are five components related to this process:

- (1) Unbilled Costs:** Establish and implement a comprehensive process to evaluate the potential for cost recovery of unbilled costs that clearly defines the process for evaluating and analyzing sites with unbilled costs, the potential for cost recovery, and the roles and responsibilities of DTSC staff associated with the process.
- (2) Billed, but Uncollected Costs:** Establish and implement a comprehensive process to evaluate the potential for cost recovery of uncollected costs that clearly defines the process for evaluating and analyzing sites with uncollected costs, the potential for cost recovery, and the roles and responsibilities of all DTSC staff associated with the process.
- (3) Personnel:** Establish the personnel infrastructure to implement all facets of DTSC's evaluation process.
- (4) Technology:** Create the technological infrastructure necessary to collect, organize, and analyze the information collected during DTSC's evaluation of unbilled and uncollected costs and memorialize the decision outcomes made as a result of the evaluation for potential for cost recovery. Analyze the

possibility of modifying and improving the outdated Cost Recovery Billing System (CRBS) to meet DTSC's present day cost tracking and invoicing needs.

- (5) Performance Metrics and Reporting:** Establish performance metrics, including a quarterly reporting requirement, to evaluate DTSC's progress in evaluating its unbilled and uncollected costs and initiating collection efforts.

Timeline:

Phase I: April – June 2013

- Create a comprehensive work plan to evaluate and take action on unbilled and uncollected costs.
- Begin statute of limitations (SOL) analysis on certain sites with unbilled and uncollected costs to initiate cost recovery efforts.
- Continue work on the cleanup of unbilled and uncollected costs data in CRBS, including, but not limited to, addressing incorrect charges and clearing existing No Further Cost Recovery Actions (NFCRAs).

Phase II: July 2013 – September 2013

- Continue cleanup of CRBS data.
- Continue statute of limitations (SOL) analysis on certain sites with unbilled and uncollected costs to initiate cost recovery efforts.
- Begin evaluation of certain sites with unbilled and uncollected costs for further cost recovery efforts.
- Begin potential responsible party (PRP) searches on sites with unbilled and uncollected costs as necessary to pursue cost recovery against PRPs.
- Prepare and apply NFCRAs to unbilled costs.
- Create technological infrastructure work plan to assist in DTSC's evaluation of sites with unbilled and uncollected costs, including EnviroStor improvements allowing DTSC to collect, organize, and evaluate cost recovery data.
(Technological infrastructure to be developed and implemented under Cost Recovery Work Plan 2.e.)

Phase III: October 2013 – March 2014¹

- Nov. 2013 - Appoint a project lead to oversee DTSC's comprehensive cost recovery effort and begin instituting personnel infrastructure to implement DTSC's plan.
- Continue cleanup of CRBS data.

¹ Resolution of costs associated with unbilled and uncollected sites may not be evident for many years (due to time it takes to litigate a cost recovery case and implement cost adjustments); however, a cost recovery decision determining how to resolve unbilled and uncollected sites will be determined by January 2015.

- Continue evaluation of unbilled and uncollected sites for further cost recovery efforts.
- Continue PRP searches on these sites with unbilled and uncollected costs as necessary to pursue cost recovery against PRPs.
- Begin referring cases to the Attorney General to pursue cost recovery efforts, including formal settlement negotiations and filing of cost recovery actions.
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Next Steps: April 2014 – December 2014

- Establish performance metrics and a quarterly reporting system to evaluate progress in evaluating and acting on unbilled/uncollected costs.