

The Dow Chemical Company  
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January 24, 2006

To: Mr. Watson Gin, Deputy Director  
Department of Hazardous Waste Management  
CalEPA, Department of Toxic Substances Control

Mr. Jeff Mahan, Special Assistant for Cost Recovery and  
Reimbursement Policy  
Office of the Assistant Director  
CalEPA, Department of Toxic Substances Control

via email: [wgin@dtsc.ca.gov](mailto:wgin@dtsc.ca.gov); [jmahan@dtsc.ca.gov](mailto:jmahan@dtsc.ca.gov)

Re: Public Comment from The Dow Chemical Company regarding Financial  
Assurance - Findings of Environmental Financial Advisory Board (EFAB) to EPA  
Administrator on Use of Financial Test

Dear Mr. Gin and Mr. Mahan,

I am writing to you because The Dow Chemical Company (Dow) has become aware of a letter from the Environmental Financial Advisory Board (EFAB) on the use of the financial test and corporate guarantee, submitted to EPA Administrator Stephen Johnson on January 11, 2006. Dow believes the findings of EFAB are very pertinent to the recent discussions with the DTSC on Financial Assurance, and therefore have provided a copy for your reference and review.

During our discussion with both of you at the Sacramento DTSC offices on October 26, 2005, Dow emphasized the importance of the "Bond Rating Test", part of Alternative II mechanism, as a very important and preferred measurement of a company's financial health. Specifically, the use of a Bond Rating Test provides a transparent, objective, comprehensive, and rigorous analysis that looks at industry trends across a "cycle". Dow believes the findings from EFAB in the attached January 2006 letter to EPA support and reinforce our views on the use of a Bond Rating Test.

During the November 29, 2005 DTSC Workshop on the Financial Test/Corporate Guarantee, there were questions regarding the review of the Bond Rating Test as part of the Financial Test mechanism. Dow believes the information supplied in the attached EFAB Letter should assist the DTSC in this analysis, and provide the Department with an objective viewpoint of the viability of the Financial Test in general.

In closing, Dow urges the DTSC to fully examine its assumptions and recommendations regarding financial assurance. We believe that the existing financial test has proven very capable of serving its designed purpose. We look forward to continued dialogue with the Department on the subject of Financial Assurance.

Sincerely,

Sandy Galganski

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