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August 10, 2017

Patrick Davis
Deputy Assistant Administrator
Office of Land and Emergency Management
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Re: Former Sylcor Facility, Hicksville, New York and
New Cassel Hicksville Groundwater Contamination Superfund Site

Dear Mr. Davis:

Thank you for your response dated July 19, 2017 to my letter to Mr. Kelly and our June 14, 2017 meeting. While we are disappointed with the response, we do appreciate your willingness to discuss this matter with me and your prompt response. I do, however, fear that there are some misunderstandings about the facts and Verizon's motives in seeking a full settlement that I would like to clarify.

Most importantly, Verizon is not seeking to obtain a preferential deal through an early cash out. Rather, the company has offered to substantially overpay the Federal Government for any CERCLA liability that it may have for any contamination that has resulted from the operation of the former Sylcor facility, by waiving over \$200 million in past response costs and paying tens of millions of additional dollars to the United States, in order to receive a release from further CERCLA liability (but subject to "standard re-openers.") Verizon is making this generous offer for three reasons: First, Verizon believes that its team's efforts are better devoted to business issues than litigating liability issues relating to a business that has not operated for over six decades. Second, Verizon wants the Federal Government to have ample funds to quickly address the contamination from this former facility which the public unjustly attributes to Verizon. Verizon is convinced that there is no reasonable likelihood that allowing any Superfund activities to play out will result in liability to Verizon in an amount anywhere close to the amounts that it has been offering to pay. Indeed, it is far more probable that full Superfund litigation will result in a very substantial payment to Verizon. Third and finally, Verizon seeks the certainty that comes with a full settlement. Simply put, Verizon is willing to pay a premium that is far more than its potential "fair share" in return for resolving, once and for all, its potential

responsibility for the Sylcor facility (subject, of course, to the standard CERCLA "reopeners" required in any settlement).

Verizon also believes that the distinction that the EPA is making with respect to the soil remediation and groundwater studies is misplaced. Verizon recognizes that the EPA is addressing a number of groundwater sites in the general area in Hicksville that the Agency believes could potentially have some relationship to the former Sylcor facility and that the EPA is not actively involved with the soil remediation at the former Sylcor Site. However, it is important to understand that the US Army Corps of Engineers is not limiting its efforts to soil remediation. Rather, as it has stated on many occasions, the Corps will follow the contamination from the Sylcor facility wherever it goes. Thus, the Army Corps of Engineers will address the groundwater in any or all of the Sites that the EPA is investigating if, in fact, contamination from the former Sylcor Site has impacted those Sites. The settlement that the parties had nearly reached was based upon what the parties believed to be an absolute worst case analysis of the costs to address both the soils and the groundwater. Thus in the unlikely event the contamination from the former Sylcor Site does have some contribution to these other Sites, the amount proposed to be paid by Verizon will more than cover the amounts that could be attributed to the former Sylcor facility and the Army Corps of Engineers would take responsibility for such contamination. I should note that Verizon had even offered to increase its payment with the excess directed for use by the EPA for these Sites even if there is no connection discovered.

As noted in my earlier letter, rather than providing substantial resources to the Federal Government, the recently filed lawsuit may well force Verizon to shift its efforts from offering a generous settlement with the government to instead seeking to have the Federal Government reimburse it for all of the over \$200 million that Verizon has already expended to address contamination at the Sylcor facility – conditions that the Federal Government agreed to take responsibility for when the Sylcor plant was in operation and which resulted from practices mandated by the U.S. Atomic Energy Commission. In addition, Verizon may be compelled to seek a declaration holding the Federal Government responsible for any amounts that the EPA or others seek to attribute to the former Sylcor Site.

I have passed your letter on to the Verizon attorneys responsible for this matter and I am sure that they will continue to remain in contact with Ms. Kivowitz as well as the Justice Department and Army Corps lawyers about this matter. I know that the lawyers continue to hold out some hope that rather than litigate, the EPA will join with the Justice Department and the Army Corps of Engineers to reach a full settlement of this matter in a way that will benefit both the Government and Verizon.

I again wish to again thank you and Mr. Kelly for your time and consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. Livingston".

Robert L. Livingston
Founding Partner
The Livingston Group, LLC.