APPENDIX A

A There was some piping that was discovered that was abandoned. And, by inference, we concluded that the piping was installed in 1954, from historical records, and had been abandoned in 1973, when apparently new piping had been installed.

That piping had some corrosion holes in the piping. And in addition to the apparent overfills and spillage that there was some leakage from this piping system that was apparently in use from '54 to '73.

Q With respect to leakage from the piping system, were you able to determine when that began?

A No.

Q Were you able to determine when it occurred?

A Well, a reasonable assumption would be if you installed piping in '54, it wouldn't be corroded. So it would be unlikely to have been a source of any releases in the earlier years.

But with time, corrosion occurs. And so it would be probably toward the end of that period, where the leakage would have been more prevalent.

Q Were any reports prepared that attempted to fix the time period in which this leakage occurred?

A No, because there was no need to at the time and nor is it really possible to make that determination, to the best of my understanding.

Q And you mentioned that you came to the conclusion that there were some overfills?

A Uh-huh.

Q What do you mean by that?

A When the tank receives a delivery of fuel from a visiting fuel tank truck, and they fill the tank. There's been occasions throughout Greyhound's experience in all of its, virtually all of its locations where occasionally they have filled the tank to beyond its capacity, and the fuel overflows and actually spills out.

Q Sort of like if I fill my car up with gas and I keep pumping and it shoots out?

A Exactly right.

Q Did you reach the conclusion that these overfills occurred at each of the underground storage tanks on the site?

A Yes.

Q And were you able to find any evidence

as to when these overfills occurred?

A No.

Q Did you ever look for any contemporaneous records that would document that a report was made that there was an overfill or anything like that?

A No. The problem with that is that Greyhound Lines didn't keep their daily records for more than a few years, so any historical records would have been destroyed years ago.

Q When you say Greyhound Lines, that would have been your company until nineteen --

A Yeah, until 1987, right.

Q So when you say that the records were destroyed --

A That was the company practice to destroy daily operating records of underground storage tanks. There's usually only about a year of retention.

Q When you became aware in 1986 that the City of San Diego had found contamination in the vicinity of the San Diego site, did you have any involvement in the decision whether to advise Viad's insurance carriers about this event?

A We had an insurance department, and my

recollection was that yes, they were notified.

Q "They" being the insurance department?

A Yes.

Q Do you know if the insurance department notified any insurance companies?

A Not really all that aware of what practices they followed. I'm not involved in the insurance part of it.

Q You didn't see any letters from the '80s from Viad to insurance companies about contamination?

A I don't recall any.

Q Okay. In Paragraph 2b of Exhibit 1, it also indicates that -- Well, before I move on, let me ask:

Is there any other facts and opinions relating to the San Diego site that you expect to testify about that we haven't talked about so far?

A That's a pretty broad question. I don't know.

Q Okay. Is there anything I'm missing that you think you're likely to testify about?

A I don't know.

Q Okay.

MR. SIMMONS: I'll object to the

question as being way too broad. Just continue asking him what happened throughout the whole set of events.

MR. O'CONNOR: I didn't write the disclosure, you did. I'm just working off of that.

Q (By Mr. O'Connor) It says in Paragraph 2b that you expect to testify concerning the abatement order of 1989.

Do you recall there being an abatement order in 1989?

A Yes. I have that.

(Deposition Exhibit No. 2 was marked for identification.)

Q (By Mr. O'Connor) I'm handing you what's been marked as Exhibit 2. Exhibit 2 is a multi-page document that Viad's counsel provided me.

The first page appears to be a letter dated May 19, 1989, from the California Regional Water Quality Control Board, San Diego Region, to Greyhound Lines.

Is this the 1989 abatement order that you're taking about?

A Yes.

Q I'm going to ask you to turn to the fourth page of the exhibit. In Paragraph 11 there's some information provided in the abatement order that appears to relate to the San Diego site.

In 11a it says that, "The two 10,000 steel fuel tanks" -- I assume that's two 10,000-gallon steel fuel tanks -- "and the 5,000-gallon waste oil tank (abandoned about 1975) were installed in '53 and are now 36 years old."

Were there two 10,000-gallon steel fuel tanks at the site?

A Yes.

Q Was there a 5,000-gallon waste oil tank?

A Yes.

Q And with respect to the waste oil tank, it says abandoned about 1975. Is that the line that you said was abandoned and some corrosive holes were found in it?

A There were fuel lines that, when the tanks were excavated in 1989, there was a series of fuel lines that had appeared to have been abandoned that were still in the ground that were to deliver contents from these tanks out to

fill-ports for refueling the buses.

And this series of pipes was independent of the new piping that was installed in '73 to deliver fuel to a fill-port that was in another location on the property.

Q Okay.

A So there were two separate fuel line systems. The new one that installed in '73 was tight and no evidence of leakage. The ones that were installed in '54, that were abandoned in '73, appeared, those are the ones that had the corrosion holes.

Q In Paragraph 11b it says, "from 1953 to 1967 the 10,000-gallon tanks held leaded gasoline."

Is that consistent with your understanding of the history?

A Yes.

Q And was it part of your job with Greyhound to become familiar with the history of the use of those tanks?

A Only so far as it related to our understanding of the environmental conditions of the property. With respect to its operations back then, I would not have been involved in that at

all.

Q Okay. The next sentence in Paragraph 11b says, "From 1967 to 1973, they held diesel Number 1-D."

Is that consistent with your understanding?

A Yes.

Q It says, "From 1974 to present, they have held diesel No. 2-D."

Is that consistent with your understanding?

A Yes.

Q Let's go down to Paragraph 11e. In there it indicates, "Monitoring wells drilled near the 10,000-gallon tanks detected four to five feet of floating hydrocarbon product."

Is that consistent with your recollection of what happened at the site?

A Yes.

Q The next sentence says, "The floating product beneath the facility contains the same petroleum hydrocarbon constituents which have historically been stored on site in the 10,000-gallon tanks."

Was it ever determined of the

contamination whether it was gasoline, diesel, or some combination of the two?

A The test on the fuel in the ground indicated it was primarily gasoline and No. 1 diesel.

Q Was No. 2 diesel also present?

A To a minor extent.

Q In 11f it says, "Results of precision tests conducted by Greyhound in 1987 and 1988 indicate that the four active tanks are leaking small amounts of product."

Do you see that?

A That's not my recollection.

Q Do you recall Greyhound challenging -- Strike that.

Do you recall Viad challenging this conclusion as incorrect at the time?

A Well, both Greyhound Lines, who was operating the property at that time, separate company from Viad Corp, and Viad, were involved in various tests of the system that indicated that the systems were tight. So that's contrary to this conclusion.

Q Do you recall there being any correspondence from Viad or Greyhound Lines saying

that this conclusion is not borne out by the facts?

A I recall a number of discussions with Greyhound Lines that the tanks and the piping in 1989 were tight. And that was one of the reasons that we felt we were not responsible for the area contamination that the city and the state regulator alleged we were a contributor to.

And one of those processes was by daily inventory record keeping. Greyhound practices a process of reconciling their fuel and tanks every day. They stick the tanks every morning at 6:00 a.m. to determine the actual amount of gallons in the tanks.

Then the next morning you take that prior day's reading, you add the deliveries to that, then you subtract the dispensing by meters out from those systems, and you calculate a difference as to what the net amount of fuel still remaining in those tanks ought to be. Then you compare that to the actual stick readings.

That variance would often be less than a hundred gallons. And over a course of a month, you would get pluses and minuses from day to day that will indicate that, generally, you were

accounting for all of your fuel.

And that was a technique that was used throughout the company for determining if you started to get leaking, such as a series of negative readings, like day after day, you had 200, 300 gallons loss every day. That would indicate a loss. That was not the case in these records.

We subsequently did tracer testing where we introduced a tracer into the fuel and then did borings along the various pipes and around the tanks to see if the tracer could be detected because it would be in the fuel. And if it appeared in the outside of the system, then we would know we have a leak.

All of that tracer testing indicated no leaks.

Q This abatement order indicates that the subparagraphs in Paragraph 11 are based on pertinent information provided to date.

Do you know what that information would have been to support the conclusion in 11f that there were --

A I would have then, but I don't recall what was sent.

I can't make out the next word -- "or piping that is due to leaks or spills/overfills."

Do you know what that notation refers to?

A In the process of determining the site conditions, we did various studies that revealed that there was in fact contamination. The word that you didn't know was "tanks," "found under tanks or piping," due to leaks or overfills; that the soil was found to be contaminated with primarily gasoline and No. 1 diesel in these areas.

Q On Exhibit 1, in Paragraph 2b, it also indicates that you're expected to testify by affidavit concerning the type of contamination found on the site and ten in parentheses it says petroleum.

Is there anything concerning the type of contamination found on the site that you know that you haven't talked about so far today?

A No.

Q Basically that it's gasoline --

A And No. 1 diesel.

Q -- and some small amount of No. 2?

A And some small amount of diesel 2.

Q We looked at some documents indicating that there was a tank for waste oil. Was that a contaminant that was found at the site?

A Good point. We'll have to amend that and say waste oil, as well. Minor. Very minor.

Q Okay. Was that something that would have come from leakage from the tanks, or is this an overfill issue?

A Well, since my recollection was the tanks were tight, it would probably have come from an overfill of the tank.

Q How, in an operational sense, did the waste oil tank work? Would a contractor come and pump out the waste oil periodically?

A Yes.

Q Okay. So if you're pumping waste oil in, you could overflow it if --

A No. You would overflow it by filling it --

Q Right. Right.

A -- not by removing.

Q Right. Okay.

The next subject in Paragraph 2b indicates that you're expected to testify concerning the contamination timing and duration.

Is there anything, besides what you've talked about so far today, that you know about that subject?

A I do not believe so.

Q The next topic is the extent of contamination and in parentheses it says soil and groundwater. I don't believe we've talked about that.

What do you know about the extent of contamination at the site?

A The various releases of fuel that enter soil by gravity would tend to migrate down through the soil pores in soil that is above the water table. That's called the vadoze zone. It's soil that doesn't contain water, groundwater.

Those soils were found contaminated from these various source areas downward vertically, and some of the fuel forms a gaseous state as opposed to liquid state. And that gas is found generally throughout the soil in the vadoze zone.

If sufficient releases occur over time, the fuel continues to migrate down, further down until it encounters saturated, soil that's saturated with water, which is actually,

technically slightly above the water table.

And at that point the fuel, which happens to be lighter in specific gravity than water, tends to float on top of that zone of soil that's saturated with water. And if the fuel continues to be a source to this area, it will migrate down horizontally at that point outward, extending outward like in a flat pancake fashion throughout the site.

That's what we found was that the site was almost totally contaminated with fuel, both from the liquid in the soils migrating outward at this zone of saturated water in the ground and plus the gaseous state of contamination in the vadoze zone of the soils where there's no water.

The problem with the site was that the convention center to the south of the site was being developed, and they were in the process of dewatering the site. And what happened was that the water table, which was originally around 22 feet depth of water, had been depressed five feet, down to 27 feet deep.

And when that happened, the area of ground that was saturated with water was dropped five feet, which allowed the fuel, then, to

continue to contaminate five more feet of depth of the water. This is where the heaviest concentration of fuel was found.

And in these areas, there was sufficient fuel in that soil that when you installed the well and then let the water rise in a well to the true water table level, any fuel that would be there that would be migratable through the soils would actually collect in the well and form a layer in the well. And that's called free product. And there were wells that had four feet of free product in the wells due to this condition.

So the results of our assessment was essentially that the soil was contaminated, virtually all the soil in the site was contaminated to some degree. And it got very, very heavy. And there was this, what we call a smear zone from 22 to 27 feet, where the water table would fluctuate up and down and would cause that fuel to concentrate in that layer of soils quite deep.

And this is typical of how sites look when you have fuel spills. This is a kind of conditions that are normal.

And we amended that in, I think in a 2004 submittal and again in a 2007 submittal. And in 2006 we were granted $314,000 of State funds as payment of what they thought was an appropriate total amount of money that we should be entitled to.

We disagreed, and in 2007 we submitted, without ERC's involvement, we did this in-house here at Viad, we resubmitted our costs for recovery up to their cap, which was $1.49 million per site limit on what the State would allow in recovery. And we received almost all of that with a second check that came in at about $1.1 million in late 2007, or 2008.

Q You testified, I believe, earlier today that some of the contaminants from the San Diego site reached the groundwater; is that accurate?

A Yes.

Q Do you know when in time those contaminants reached the groundwater?

A The migration downwards in these soils would have been fairly rapid due to the porosity of the soils so that a spill probably in a matter of weeks would have probably, if sufficient volume, would have migrated to the water table.

So a spill or an overfill of sufficient volume to saturate the soils from the source all the way down to where the water, where the ground was saturated with water could have occurred in probably in a few weeks.

Q In giving that answer you talked about overfills and spills. Would the answer be any different for leaks?

A No. No. It's a matter of the volume of the release, not the method of the release.

Q Okay. The last subject in Exhibit 1 on which it's indicated that you're expected to possibly provide affidavit testimony concerns the amount and reasonableness of the expenses, charges, and damages incurred by Viad in remediation of the site.

Is there anything that you haven't testified so far about today that you know about that subject?

A The primary function of my job here is to get environmental work done properly, get the right work done the first time, and ultimately cost effectively. So I would say it was probably a primary function of my position to ensure that what we did would in fact solve the problem, not

A He said, "This is what you are going to do," and I was not given an option. This is the board that ultimately decides when you're done with remediation, and while the board normally doesn't dictate method in this case, he did.

Q All right. Mr. Ries, with respect to the time periods, you recall that there were questions asked of you about the duration of this contamination. And I believe you said that you must have started in, what, in 1953 or 1954? What was the time period?

A 1954.

Q How is it that you can conclude, within a reasonable degree of professional responsibility or certainty, that it must have started in 1954?

MR. O'CONNOR: Objection to form.

Q (By Mr. Simmons) All right. Let me rephrase that.

How is it that you can -- can you resolve, within a reasonable degree of professional responsibility, that the pollution started at least no earlier than 1954?

A Yes. Because prior to that, we had no record of any fuel use on site, and it would have been quite surprising to have discovered any fuel

existing on a site that had no prior fuel activity.

Q Okay. So then you also talk about when do you think is the other outside date in which there would be a conclusion of the greatest extent of the contamination?

A 1973.

Q Could you explain why, within a reasonable degree of probability?

A The best evidence is that the contamination on the site is, number one, diesel and gasoline. And what we were able to learn from prior Greyhound Lines operations on site is that those were the two fuels that were in use during that time period. And in 1973, Greyhound Lines switched over to No. 2 diesel, which is almost absent from the site.

Q All right. So is it fair to say, then, that the cause from spillage logically would be during the duration that Greyhound Lines used the facility?

MR. O'CONNOR: Objection to form.

THE WITNESS: Yeah.

Q (By Mr. Simmons) Is there any reason that, as an expert, that you would believe that it

would have occurred all prior to, let's say, for example -- the beginning time period of the insurance policies in question, I believe, is somewhere around 1966.

Is there some reason to suggest that all of it happened before the insurance policies went into effect by Home?

A Well, experience has taught me that spillage occurs randomly, so you can't define the time period for spillages or overfills. But with respect to any leakage that would have occurred, it would have occurred more so toward the end of that period than the beginning because corrosion holes take time to develop.

Q All right. What would be your opinion, then, taking into consideration that these Home insurance policies went from at least 1966 through 1972, Mr. Ries, would these insurance policies be impacted as a result of the fact that there was, within your opinion, spillage and/or leakage during the time period from 1966 through '72?

MR. O'CONNOR: Objection to form.

Q (By Mr. Simmons) Go ahead.

A Yes.

Q Could you go ahead and explain why you

would -- and I realize that you've somewhat explained it, but would you further explain why you believe that there would be spillage between the time periods from '66 to '72 and also leakage from '66 to '72.

MR. O'CONNOR: Objection to form.

THE WITNESS: In those time periods, the occasional spillage and overfilling of tanks was common. And there was probably little understanding by operators that the spillage that they were experiencing would have any deleterious effects on anything. They wouldn't make any connection, so they would, these would just happen in the normal course of business from time to time.

Q (By Mr. Simmons) Is it fair to say that these would not be expected to be intentional spillages?

A Certainly not because --

MR. O'CONNOR: Objection; form.

THE WITNESS: -- the fuel represents purchased value that the company has, and to spill any gallons is a waste of money. But minor spillage, I know from experience, is common and was very common in that time period, more so than

it is today.

And so I would have expected that throughout the period of operation that you mentioned, that time period, I would have expected to have concluded that the spillages and overfills would have been random throughout that period.

With respect to leakages, if the system was installed in '54 and was abandoned and the piping was abandoned in '73 and new piping was installed that was since found tight, suggests to me that the leakage would have occurred in the latter part of that '54 to '73 period. But to what extent, I don't know.

Q (By Mr. Simmons) Okay. Is it reasonable to expect that at least a significant portion of the leakage would have occurred in the latter portion of that time period, up from, say, mid-sixties until 1972, '73?

A Yes.

Q Now, you were asked about the abatement order and shown the abatement order by Mr. O'Connor.

Do you recall that?

A Yes.

Q All right. Do you know whether that

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Q (By Mr. Simmons) The concepts.
A Yes. The actual pollutants that were involved were different from site to site, but they have commonality in that the pollutants were introduced into the soils, the soils became a source of contamination of the groundwater, and the groundwater quality had to be improved.
Q In each of these sites was it determined that, within a reasonable degree of probability, that what caused it was inadvertent or certainly not intentional conduct?
MR. O'CONNOR: Objection to form.
THE WITNESS: Yes. The companies would never intentionally damage their own property, to cause pollution that would ultimately cost to clean up because that would be contrary to the companies' best interest.
Q (By Mr. Simmons) By the way, were you knowledgeable about, I mean, since you started, what, as early as 1970s, the early 1970s, were you knowledgeable about, for example, Armour's and Greyhound's corporate policies with respect to these kind of things?
A Not really.
Q Okay. With respect to the San Diego