

Extended Reporting Period for UST Owners

When you sell or close an insured location, underground storage tank owners/operators now have the option of purchasing an "extended reporting period" in which to make a claim for a release that occurred while you were operating the tanks.

Regulations proposed last year became final on April 1, giving all PSTIF-insured tank owners/operators this opportunity. Previously, when a property was sold, the PSTIF insurance policy could be transferred to the new owner. There were a few cases where that new owner failed to maintain coverage, pollution was then discovered, and the previous owner was potentially liable. The new "tail coverage" will give tank owners/operators a way to protect themselves from this liability. Coverage is available for up to five years, at the same annual cost as regular participation fees.

RBCA Has Arrived! . . .

A new guidance document has been issued by the Department of Natural Resources, which presents information on how to do a risk assessment and prepare a risk management plan for a tank site. The new guidance document can be accessed at www.dnr.mo.gov/alpd/hwp/rbca-04.pdf.

It replaces three previous guidance documents—the 1996 Closure Guidance, the 1992 Site Characterization Guidance and the 1992 Corrective Action Guidance.

In addition, standardized forms which can be used for evaluating exposure pathways and analyzing risks are available on DNR's web site, www.dnr.mo.gov/alpd/hwp/rbca-04-form.xls.

. . .So What Do You Do Now?

PSTIF staff are available to answer questions and assist you on specific claims questions. But here are a few pointers on what this may mean to you.

* If you have a new release, you should make sure your consultant is familiar with Missouri's new RBCA guidance and well-trained in concepts and principles of risk-based decision-making. Owners who report new releases will need to use the new guidance.

* If you have a site that has an ongoing claim, you should confer with your consultant and claims adjuster on what to do next. There are many "old claims" for which this new guidance provides opportunity to evaluate risks and determine whether any further action is, in fact, necessary.

For example, there are numerous sites where tanks were taken out of service years ago, and the only remaining issue involves shallow groundwater contamination. DNR had deferred additional groundwater monitoring at many of these sites, and is now asking the owners to submit a risk assessment. We expect many of these sites can obtain "No Further Action" Letters under the new guidance. PSTIF will also be sending a letter to owners of these sites, approving costs for the risk assessment.

* If you have a site where ongoing corrective action has not achieved the desired result, you should confer with your consultant and your claims adjuster to determine whether a better, quicker way to complete the project may include evaluation of risks under the new guidance. There may be sites like this where the PSTIF will require an assessment of risks before agreeing to pay for additional corrective action.

* If you have a site where the site characterization is complete, but no corrective action was begun due to relatively low risks and/or technical impracticability, you should confer with your consultant and your claims adjuster to determine whether an evaluation of risks is appropriate.

The transition period to the new guidance will likely require extra communications, so the bottom line is - Talk, Think, and Ask Questions! We will make every effort to provide assistance and advice to help you get your site cleaned up and your claim closed as quickly and cost-effectively as possible.

Cash Flow Projections

The PSTIF third party administrator, Williams & Company Consulting, presented its semi-annual cash flow projection at the Board of Trustees' March 31 meeting. The projection included assumptions on how DNR's new Risk-Based Corrective Action Guidance will affect costs, and is available at www.pstif.org.

The prognosis indicated an additional \$208 million will be needed beyond this fiscal year to complete cleanup of all properties for which the PSTIF is liable, and for which claims are made before December 31, 2010. Revenues will not be sufficient to fund this entire liability unless the Board increases the transport load fee.

However, the PSTIF currently has a cash balance of \$48 million, and the Board was told that a fee increase in 2006 or 2007 would be sufficient to avoid insolvency, given current projections. The Board will continue to monitor the trust fund's financial situation, and will engage an actuarial firm to provide an independent analysis in the coming months.

Riveted Tanks Deadline Changed

The Division of Weights and Measures has alerted us that the deadline for replacing riveted ASTs has been moved to December 31, 2005.

This deadline matches the date by which a fire protection or suppression system must be installed in sumps with non-metallic piping.

FY05 Audit

The PSTIF Board of Trustees recently agreed to employ KPMG KC to conduct an audit of PSTIF's FY04 financial statements. The audit is scheduled to be completed by September 30.

Legislative Update

With just over two weeks left in the 2004 Missouri legislative session, there are no bills pending that would significantly affect the PSTIF. Until the final bell sounds, nothing is certain, and we will continue to diligently watch for proposals to raid the trust fund for unrelated purposes.

At the federal level, legislation was introduced in both the House (HR3940) and Senate (S2201) to *mandate double-walled tanks, or other secondary containment*, for all new underground tanks and piping in "sensitive ecological areas." Those areas would be designated by each state, and would include UST systems "within 1000 feet of any existing community water system or

existing drinking water well."

Water Problems

Regulators and trade associations are alerting tank owners that today's fuels and distribution infrastructure require more diligence about water in tank systems. Water monitoring and removal is critical for all storage systems - both USTs and ASTs.

If your regular maintenance procedures do not include checking for and removing water, you need to improve your procedures! A helpful bulletin on this subject is available from the Steel Tank Institute at www.steeltank.com/library/pubs/waterinfuel tanks.pdf.

Board Meeting Dates

The PSTIF Board of Trustees is scheduled to meet on the following dates: May 26, July 28, September 29, and December 1. All such meetings are open to the public. Call 573-522-2352 or check our web site for details on time and place.

Did You Know?

The first underground storage tank installed in the United States for storing petroleum was in 1902. (Source: Petroleum Equipment Institute.)

Check out our web site:
www.pstif.org

Latest Leaks is a newsletter of the Missouri Petroleum Storage Tank Insurance Fund.

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