



# Pennsylvania Insurance Department

## Bureau of Special Funds

*Underground Storage Tank Indemnification Fund  
2017 Performance Review Report*

*Based on Information through November 21, 2017*

*Issue Date – December 5, 2017*

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## Introduction

### Purpose

Aon Global Risk Consulting ("AGRC") was retained by the PA Underground Storage Tank Indemnification Fund Board of Directors ("USTIF" or "Board") to review and evaluate the performance of the Underground Storage Tank Indemnification Fund over the 5 year period from 2012 through 2016 as required by the Storage Tank and Spill Prevention Act (Act 32 of 1989, 35 P.S. §§ 6021.101 et seq., as amended) (the "Act"). The Act requires the Board to review and evaluate the performance of the Underground Storage Tank Indemnification Fund and make recommendations to the General Assembly regarding USTIF's continuation or termination.

### Scope

The scope of this review is to provide relevant information and conclusions that will help the Board determine if:

1. there is adequate funding for the programs
2. there is duplication of services
3. there is a demonstrated need for the programs
4. there would be a negative impact if the fund were dissolved
5. the fund is providing the benefits as intended when it was conceived

\* \* \* \* \*

Andrew Raynes and Peter Lindquist are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.


We performed this analysis using generally accepted actuarial principles and in accordance with all relevant Actuarial Standards of Practice.

Please contact us if you have any questions regarding this report.

Respectfully submitted,

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## Conditions and Limitations

### Data Reliance

In conducting this analysis, we relied upon the provided data without audit or independent verification; however, we reviewed it for reasonableness and consistency. Any inaccuracies in quantitative data or qualitative representations could have a significant effect on the results of our review and analysis.

### Use and Distribution

Use of this report is limited to the PA Underground Storage Tank Indemnification Fund for the specific purpose described in the Introduction section. Other uses are prohibited without an executed release with Aon.

Distribution by the PA Underground Storage Tank Indemnification Fund is unrestricted. We recognize that this report will be distributed to third parties including the Pennsylvania legislature. We request that Aon be notified of further distribution of this report. The report should only be distributed in its entirety including all supporting exhibits.



## Executive Summary

Section 708 of the Act states that, “the Board shall periodically review and evaluate the performance of the USTIF, including all programs funded from it, and make recommendations to the General Assembly for its continuation or termination every five years.” This report covers the five year period from January 2012 through December 2016 and fulfills the legal / regulatory requirements of the Act.

## Performance Review Objectives

The following five objectives were considered during the review:

1. To determine if there is adequate funding for the programs
2. To determine if there is duplication of services
3. To determine if there is a demonstrated need for the programs
4. To determine if there would be a negative impact if the fund were dissolved
5. To determine if the fund is providing the benefits as intended when it was conceived

## Performance Review Resources

In carrying out this review, the following resources were relied upon:

1. USTIF Five-Year Performance Review and Evaluation report dated November 30, 2012
2. Storage Tank & Spill Prevention Act (“Act 32”)
3. Aon’s Actuarial Analysis for the Underground Storage Tank Indemnification Fund and the Tank Installers Indemnification Program as of June 30, 2016, dated November 29, 2016
4. USTIF Annual Reports (2012 through 2016)
5. USTIF Financial Statements (2012 through 2016)
6. A Memorandum of Understanding between the Office of the Budget and the Insurance Department was issued in 2014 that outlines the loan repayment plan for the General Fund loan.
7. Surveys with the Fund’s Board of Directors, including the Deputy Insurance Commissioner of Pennsylvania, the Executive Director, and the Board members representing each membership area.
8. Surveys from a random sample of fund participants, both those who have experienced the claims handling process as well as those who have not.
9. Report on Internal Controls: Revenue and Collections Process. Prepared by Sharp Executive Associates, Inc. and dated August 20, 2010.
10. Environmental Protection Agency’s report, “EPA Study on the Effectiveness of UST Insurance as a Financial Responsibility (FR) Mechanism”, December 2011.



## Performance Review Report Contents

This performance review report is organized as follows:

1. Background
2. Financials
3. Milestones
4. Stakeholder Survey Summary Statements
  - Board Members
  - Acting Deputy Secretary (DEP)
  - Deputy Insurance Commissioner (PA Insurance Department)
  - Executive Director (PA Insurance Department)
  - Fund Participants
5. Performance Review Findings
  - Funding Adequacy
  - Demonstrated Need for the Program
  - Duplication of Services
  - Negative Impacts if the Program were Dissolved
  - Benefits Provided by the Program



## Background

The release of regulated substances stored in underground storage tanks (“UST”s) poses a threat to the public health and safety of both the environment and the Commonwealth’s citizens. A release is generally considered to be any leak, spill, or discharge from USTs into soil or groundwater.

The U.S. Environmental Protection Agency (“EPA”) and the Pennsylvania Department of Environmental Protection (“DEP”) have issued a number of regulations governing the construction, upgrade, and operation of underground storage tanks. These regulations also establish insurance requirements in the event that an UST leaks.

The Storage Tank and Spill Prevention Act, Act 32 of 1989, 35 P. S. §§6021.101 *et seq.*, as amended, (“Act”) created the Underground Storage Tank Indemnification Fund to assist owners and operators in meeting the insurance requirement. Section 708 of the Act states that, “the Board shall periodically review and evaluate the performance of the USTIF, including all programs funded from it, and make recommendations to the General Assembly for its continuation or termination every five years.”

The Fund makes claim payments to eligible UST owners or operators for damages caused by a UST release. To be eligible, the release must have occurred on or after February 1, 1994. There are other eligibility requirements. The USTIF indemnifies tank owners for third party liability that may occur when the release from a tank has injured another person or that person’s property. Claim payments to eligible owners or operators shall be limited to the actual costs of corrective action and third party liability. The current per occurrence limit is \$1.5 million, subject to a deductible of \$5,000 per tank. Payments are subject to an annual aggregate limit of \$1.5 million or \$3.0 million, depending on whether an owner or operator has less than or more than 100 USTs, respectively. The Fund is administered by the Pennsylvania Insurance Department.

Section 703 of the Act established USTIF’s Board of Directors. The Board, whose members are knowledgeable on insurance and storage tank issues, provides policy guidance to USTIF. The Board consists of 8 active members representing the organizations listed below. The MATSO organization was dissolved in December 2006 and its seat was relinquished.

### Members appointed by the Governor

1. Associated Petroleum Industries of PA
2. Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.
3. Public Member
4. PA Petroleum Association
5. PA Farm Bureau, PA State Grange, PA Farmers Union
6. Tank Installers of PA
7. Local Government Knowledgeable About Storage Tanks – **VACANT**
8. Middle Atlantic Truck Stop Operators (MATSO) – **DISSOLVED**

### Two Ex-Officio Members

9. Department of Environmental Protection, Ex-Officio Member
10. PA Insurance Department, Ex-Officio Member

### The Executive Director of USTIF



## Financials

### USTIF 5-year Operating Results and Current Financial Position

Over the past 5 years USTIF's fee income and DEP allocations have been relatively flat at roughly \$60 million and \$6.3 million per year, respectively. In contrast, claim payments have decreased significantly each year from \$40.4 million in 2012 to \$34.2 million in 2016, which represents a 15% decrease overall and an annual decrease of approximately 4.0% per year.

Significant USTIF Financial Amounts: CY 2012-2016			
Year	Fee Income	Claim Payments	DEP Allocations
2012	62,440,531	(40,446,311)	(6,750,000)
2013	60,930,944	(39,276,924)	(6,000,000)
2014	58,095,452	(38,094,846)	(6,600,000)
2015	59,489,152	(35,318,351)	(6,380,000)
2016	59,514,902	(34,196,718)	(4,750,000)
Total	300,470,981	(187,333,150)	(30,480,000)

The table above does not reflect investment income as this item was only available on a fiscal year basis (July 1 through June 30). Over the 5 year period, investment income, including unrealized gains, has varied significantly, \$5.2 million to \$20.0 million per year, due to volatile investment market conditions.

As of June 30, 2016, USTIF had assets of \$224.8 million, excluding the \$67.5 million of principal and the approximately \$14.6 million of accrued interest related to the outstanding loan to the general fund. USTIF had total assets of \$306.9 million, including those amounts related to the general fund loan. USTIF's total liabilities as of June 30, 2016 were \$409.5 million on an undiscounted basis, of which \$386.0 million were related to unpaid loss and allocated loss adjustment expense. Including the \$82.1 million in interest and principal from the General Assembly loan as an asset, the USTIF's liabilities exceeded its assets by (\$102.7) million at June 30, 2016, implying an unfunded liability.

USTIF has been in an overall deficit position during the entire 5 year review period. However, as the table on the next page shows, the deficit position has been steadily improving over the period, decreasing from (\$247) million in June 30, 2012 to the (\$103) million at June 30, 2016. As a reference, the deficit at June 30, 2011 was (\$270) million. The improvement is due in part to a number of cost control initiatives undertaken by USTIF such as joining with the DEP to target older open claims and expanding the use of competitively bid contracts, including pay for performance and fixed price contracts. It should be emphasized that the unfunded liability does not reflect any future investment income likely to be generated by USTIF's assets and may therefore represent a somewhat conservative view.



Unfunded Liability FY 2012-2016	
<u>Year</u>	<u>Unfunded Liability</u>
2012	247,000,000
2013	196,000,000
2014	139,000,000
2015	129,000,000
2016	103,000,000

USTIF's asset base plus future fee income will be used to pay claim costs as they come due. The overall deficit position of the fund implies that the fund will eventually deplete its asset base and enter a negative cash position, although this is not expected to occur during the 20 year projection horizon included in the June 30, 2016 Aon actuarial report. The Board's policy, adopted September 2003, of maintaining a positive cash balance for a minimum of 5 years would imply a change in the fee structure would not be necessary. As noted above, the criteria would still be met if the 5 year requirement were increased to 20 years.

### TIIP 5-year Operating Results

The TIIP loss exposure is minimal relative to USTIF; only a handful of claims are reported each year and resulting loss dollars are relatively small. Over the 5 year review period, TIIP fee income has fluctuated around \$300 thousand per year and totaled approximately \$1.6 million. During that timeframe, 14 claims were reported, 5 of which were still open or being appealed as of June 30, 2016. TIIP payments during the period plus case reserves as of June 30, 2016 related to the 14 reported claims totaled \$1.06 million.

TIIP Financial Amounts CY 2012-2016	
<u>Year</u>	<u>Fee Income</u>
2012	314,389
2013	272,204
2014	343,457
2015	342,600
2016	324,242
Total	1,596,892

### Summary of Allocations Approved by the Board and Utilized by DEP

During the review period, USTIF has allocated the amounts shown in the table below to the Department of Environmental Protection. The DEP uses these allocations to pay pollution protection, environmental and catastrophic cleanup, and investigative and closure costs.



Department of Environmental Protection Allocations 2012-2016					
<u>Year</u>	<u>Base Allocation</u>	<u>Pump &amp; Plug</u>	<u>Catastrophic Release</u>	<u>Investigation &amp; Closure Costs</u>	<u>Total Allocation</u>
2012	2,500,000	0	250,000	4,000,000	6,750,000
2013	2,800,000	0	100,000	3,100,000	6,000,000
2014	3,600,000	0	0	3,000,000	6,600,000
2015	3,300,000	80,000	0	3,000,000	6,380,000
2016	1,700,000	50,000	0	3,000,000	4,750,000
Total	13,900,000	130,000	350,000	16,100,000	30,480,000
Utilized	(13,209,128)	(260,008)	(943,468)	(15,250,621)	(29,663,225)

### Summary of 5-Year Payment History & Current Accrued Interest: \$100 Million General Fund Loan

The general fund loan's principal payment and accrued interest balance over the 5-year review period is shown in the following table. The 2014 Memorandum of Understanding indicates that future annual payments will be fixed at \$7 million and will begin during the fiscal year beginning 7/1/2015. The payments are to continue until the outstanding principal and interest are paid in full. The initial scheduled payments for 2015/16 and 2016/17 were not made. No principal payments have been received by USTIF since 2008/09.

\$100 Million General Fund Loan from USTIF				
<u>Fiscal Year</u>	<u>Principal Repayments</u>	<u>Principal Balance O/S</u>	<u>Accrued Interest Balance</u>	<u>Total Outstanding</u>
2012	0	67,500,000	13,968,481	81,468,481
2013	0	67,500,000	14,113,452	81,613,452
2014	0	67,500,000	14,228,415	81,728,415
2015	0	67,500,000	14,354,573	81,854,573
2016	0	67,500,000	14,588,915	82,088,915
Total/Balance @ 6/30/16	0	67,500,000	14,588,915	82,088,915



## Tank Upgrade Loan Program 5-year Operating Results

The Upgrade Loan Program assisted owners of regulated underground storage tanks to upgrade or remove their underground storage tank systems to meet EPA upgrade requirements. The program was implemented through Act 13 of 1998. This low interest loan was funded by the Underground Storage Tank Indemnification Fund and administered by the Department of Community and Economic Development (DCED).

In 2012, USTIF and the DCED terminated the memo of understanding that arranged for DCED to provide administrative assistance to the loan program. In mid-2015, the balance of the delinquent loans, approximately \$614,000, was formally written off.

## Voluntary Heating Oil Tank Program 5-year Operating Results

Operating results for the Voluntary Heating Oil Tank Program are problematic to compile as the underlying claims are not separately identified in the loss runs supplied to Aon for their annual actuarial analysis. Therefore, claim costs are included as a part of the USTIF analysis and are not separately identifiable. However, the number of tanks covered during each of the five years, the number of newly filed claims and the change in incurred loss is shown in the following table.

<b>Voluntary Heating Oil Program (CY 2012-16)</b>			
<u>Year</u>	<u>Tanks Covered</u>	<u>Claims Filed</u>	<u>Incurred Loss Change</u>
2012	1,200	5	186,932
2013	1,140	5	477,406
2014	1,107	2	1,661,186
2015	1,080	1	110,226
2016	1,038	5	1,105,090



## Milestones

This section highlights the accomplishments during the past five years in the areas of program management and administration.

### Claims Management Procedures

The management of USTIF continued to implement prior cost containment initiatives during our review period. For instance, the pursuit of fixed price contracts has continued and claims continue to be closed more quickly. The number of pending claims decreased steadily from 1,432 at June 30, 2012 to 1,120 at June 30, 2016. The number of newly reported claims was fairly level during the period, with the annual number of claims varying around an annual average of approximately 174.

The unfunded liability decreased steadily from \$247 million at June 30, 2012 to \$103 million at June 30, 2016, a 58% reduction.

### New Website and Fee Billing System

USTIF collects fees from tank owners of roughly \$60 million per year. In 2010, USTIF commissioned a study entitled, "Report on Internal Controls: Revenue and Collection Process", which surmised that errors or incorrect reporting due primarily to the "honor" system used to report and pay the per gallon fees may result in a loss of revenue of up to \$3 million per year. As a result of the report, as well as the fact that the current billing system was becoming antiquated, a decision was made by the USTIF Board and the Department to undertake the task of developing a web based interactive Fee Billing System (FBS). The first step was to create a dedicated website for USTIF. On September 15, 2015, the website (<https://ustif.pa.gov>) was rolled out and would now serve as a means to disseminate information to those participating in the fund. Then on July 1, 2017, after 2 years of development, an interactive web based fee billing and revenue collection system was deployed.

For the first time ever, all USTIF program participants would now have online access to their specific accounts and also have the ability to make electronic payments directly through the system. They will also be able to view their payment history and confirm the deliveries being made to their facilities by their fuel distributors. Additionally, distributor reporting changed from being one lump sum total (number of gallons distributed) under the "honor" system, to an exact reporting format that tracks deliveries down to the specific tank level. The new system is expected to help ensure that distributors are reporting fees correctly and eliminate instances where facility owners are being undercharged or overcharged. In this way, the program area will be able to perform internal audits to ensure that accurate reporting and revenue collection is taking place. It is hoped that this will eliminate processing errors and create a more efficient tracking and payment process and, ultimately, result in a higher revenue figure from that area. However, the exact impact of the new FBS is not presently known as the system is still in its infancy stages but will be carefully monitored as it progresses to full implementation.



## Survey – Summary Statements

Part of Aon's performance review consisted of interviewing USTIF stakeholders via surveys. Two surveys were prepared, one for the Board and Executive Director and a second tailored to the Fund's participants, both those with claims and those without. These surveys were intended to gain insights into stakeholders' views regarding USTIF and the performance objectives.

Survey responses from each stakeholder group are summarized below. Appendix A documents the specific questions posed in each survey and Appendix B details the responses.

### Board Members

Currently 6 of 8 members and 2 of 7 alternates have responded. All groups represented by the Board responded to the survey through either a member or an alternate.

#### 1. Adequate Funding

While half felt there is currently adequate funding, over half (5 of 8) expressed concern that some programs might not have adequate funding in the future. Almost all (7 of 8) the respondents were confident that all fees were being collected.

Half indicated the current fee structure did not need to be altered, but 3 weren't sure. One respondent said the fee structure will need to be altered and noted that the "New PADEP regulations (expected 2018) will require more testing of systems, will identify more impacted sites and there will be more claim activity- similar to 1998."

3 respondents did not favor altering limits and/or deductibles as a means of addressing the unfunded liability, while 2 were proponents.

#### 2. Duplication of Services

7 of 8 respondents felt there was no duplication of services, while 1 respondent didn't know.

#### 3. Demonstrated Need for Programs

7 of 8 respondents indicated there is a demonstrated need for the program, while 1 didn't know. 6 of 8 respondents felt that other possible methods of demonstrating financial responsibility wouldn't work as well as USTIF. 2 respondents said yes to other possible methods of demonstrating financial responsibility and one of them noted: "Some companies use surety bonds in many other states and it is not a problem. It would be far less expensive than throughput cost at present."

#### 4. Negative Impacts from Dissolution

6 of 8 respondents indicated there would be negative impacts were USTIF to be dissolved. Reasons given ranged from possible lack of coverage availability or unaffordable coverage, to significant additional costs related to a statutory / regulatory change, to Participants assuming unforeseen liability or cleanup costs and its adverse impact on the environment.



2 of 8 respondents responded that there would be no negative impacts were USTIF to be dissolved. They indicated the solvency issues for tank owners would most likely result.

5. Providing Benefits as Intended

All respondents felt that USTIF is providing the benefits intended when it was conceived.

The majority felt confident that eligible leaks were being addressed in a timely and cost effective manner. One respondent cautioned that “Confidence is lowering. It is becoming difficult to get coverage.”

The majority did not have any concerns with response time, adequacy of corrective action, or issues regarding on-going monitoring of sites. One respondent did note that it takes longer than they anticipated while another said that there was “Probably more waste in EPA and DEP oversight than required.”

The majority felt that the limits and deductibles provide adequate coverage for claimants.

## Acting Deputy Secretary (DEP)

1. Adequate Funding

Respondent felt there was currently adequate funding and was not concerned about the adequacy of funding in the future. They were confident that USTIF collects all fees to which it is entitled.

The respondent did not feel that the current fee structure would need to be altered so long as the loan from the general fund was repaid and another loan wasn’t implemented.

The respondent was not a proponent of altering the limits and/or deductibles as a means of addressing a potential unfunded liability.

2. Duplication of Services

Respondent did not feel there is any duplication of services. They noted: “There is some duplication of responsibilities between the Dept of Insurance third party reviewers and DEP, but it is necessary. USTIF needs to review actions for cost efficiency and effectiveness; DEP needs to decide whether remediation is effective in attaining a cleanup standard.”

3. Demonstrated Need for Programs

Respondent indicated there is a demonstrated need for the program and did not feel that other methods of demonstrating financial responsibility would work as well as the fund.

4. Negative Impacts from Dissolution

Respondent felt there would be negative impacts if USTIF were dissolved. New or revised statutory and regulatory work would be required. They noted that additional work and coordination from government and storage tank owners would be needed to design and implement alternative financial responsibility requirements.



5. Providing Benefits as Intended

Respondent felt USTIF is providing the benefits intended when it was conceived. "USTIF was created to be the financial responsibility required by federal UST regulations. Without that, EPA would not allow PA to regulate USTs. The USTIF financial position is strong. Storage tank owners and operators are able to complete corrective action and address releases to prevent human health and environmental impacts."

Respondent pointed to USTIF's record that eligible leaks were addressed in a timely and cost effective manner. In terms of concerns with response time, adequacy of corrective action, and issues regarding on-going monitoring of sites, the respondent notes: "Long Term monitoring is a crucial aspect of pathway elimination type remedies and risk-based corrective actions. Complete site characterizations are essential. These site-specific decisions are very important to the effectiveness of a risk-based program."

The respondent feels the limits and deductibles provide adequate coverage for claimants.

## Deputy Insurance Commissioner (PA Insurance Department)

1. Adequate Funding

Respondent felt there was currently adequate funding and was not concerned about the adequacy of funding in the future. They were confident that USTIF collects all fees to which it is entitled and did not feel that the current fee structure would need to be altered.

The respondent was not a proponent of altering the limits and/or deductibles as a means of addressing a potential unfunded liability.

2. Duplication of Services

Respondent did not feel there is any duplication of services.

3. Demonstrated Need for Programs

Respondent indicated there is a demonstrated need for the program and did not feel that other methods of demonstrating financial responsibility would work as well as the fund.

4. Negative Impacts from Dissolution

Respondent felt there would be negative impacts if USTIF were dissolved. Lack of availability of coverage could hinder cleanup efforts which would ultimately hurt for the environment and the citizens of the Commonwealth.

5. Providing Benefits as Intended

Respondent felt USTIF is providing the benefits intended when it was conceived and was very confident that eligible leaks were addressed in a timely and cost effective manner. There were no concerns regarding response time, adequacy of corrective action, or issues regarding on-going monitoring of sites.

The respondent feels the limits and deductibles provide adequate coverage for claimants.



They also noted that the “EPA has said that USTIF is the best program of its kind in the country.”

## Executive Director (PA Insurance Department)

### 1. Adequate Funding

Respondent felt there was currently adequate funding, but was concerned that some programs might not have adequate funding in the future. They noted that the “DEP has pending legislation to raise the amounts of allocations received from the program area in addition to what they already receive.” Their concerns are that the additional money allocated to the DEP along with the non-payment of the general loan will reduce the amount of cash to be invested. In turn, this could cause the unfunded liability to grow without having investment gains to offset it due to the reduced cash available. This would be a reversal from the current trend of a decreasing unfunded liability due to the strong investment returns.

The respondent is hopeful that the rollout of the new Fee Billing System will eliminate gaps in the current reporting methods and ultimately increase the revenue to the USTIF. If this comes to fruition, the increase revenue would help the long term viability of the fund.

The respondent was not a proponent of altering the limits and/or deductibles as a means of addressing a potential unfunded liability.

### 2. Duplication of Services

Did not feel there is any duplication of services. He did note that there was a small number of firms writing private insurance for pollution liability. However, the private insurance coverage had some limitations (i.e. coverage was often excess, it did not apply to releases before the coverage date, and it excluded faulty workmanship). Because of this, the coverage provided by USTIF is more comprehensive and there is nothing else in the market providing the same level of service.

### 3. Demonstrated Need for Programs

Indicated there is a demonstrated need for the program and did not feel that other methods of demonstrating financial responsibility would work as well as the fund.

The respondent noted that strict underwriting requirements as well as pre-existing claims exclusions would limit the effectiveness of private insurers. Also, the additional administrative costs associated with oversight of the claims through the surety or letter of credit option may prove burdensome. The respondent feels that, ultimately, “it may become too cumbersome and costly on some small tank owners to oversee their own environmental remediation programs.” Currently, all of these issues are addressed by the USTIF and, thus, there is a demonstrated need for the program.

### 4. Negative Impacts from Dissolution

There would be negative impacts if USTIF were dissolved. There would be a need to continue funding tank owner liability and cleanup costs for past incidents. Additionally, there is a risk that, without USTIF oversight, cleanups may cease thus threatening neighboring properties and water supplies. If some smaller operations don’t purchase private insurance or have sufficient funds to remediate, then the claim may get pushed into the DEP oversight and funding. “EPA compliance by state agencies may be in jeopardy.”



#### 5. Providing Benefits as Intended

Respondent felt USTIF is providing the benefits intended when it was conceived. "USTIF has been deemed by the EPA as the #1 program in the country. Over 93% of claims are deemed eligible and claim payments since inception have exceeded \$1 billion dollars." With the 60 day reporting requirement, claims are presented promptly so that they can be addressed by the claims team. This also results in fewer third party claims and quicker responses by the remediation firms. Because of this, adequacy of corrective action and issues regarding on-going monitoring of sites is minimal as eligible leaks are addressed in a timely and cost effective manner.

The respondent feels the limits and deductibles provide adequate coverage for claimants. "The average cleanup cost per site is \$375,000 which is well within the USTIF coverage limit."

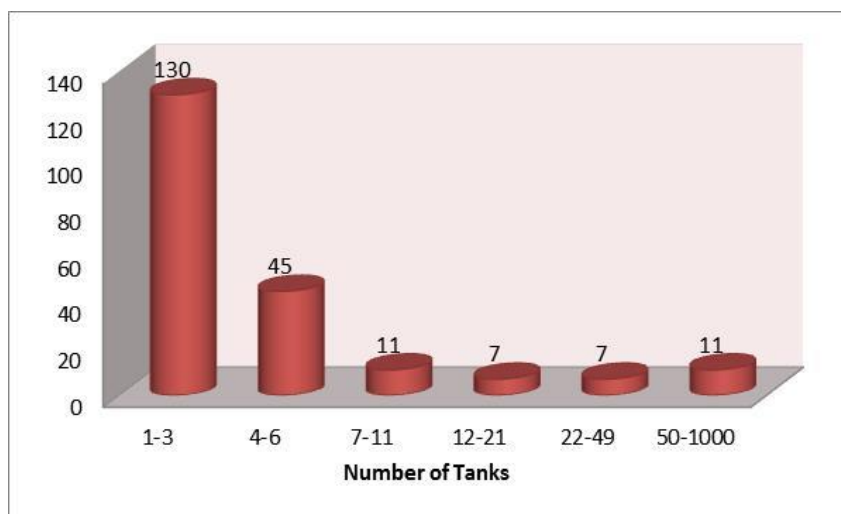


## Fund Participant Sample

Of the 874 surveys sent out, 211 participants responded. Their responses provide useful insights into how USTIF is perceived. It is important to note, that “respondent” refers to an individual that answered the question (i.e. didn’t leave it blank). In the charts, the count of blank responses is for informational purposes only.

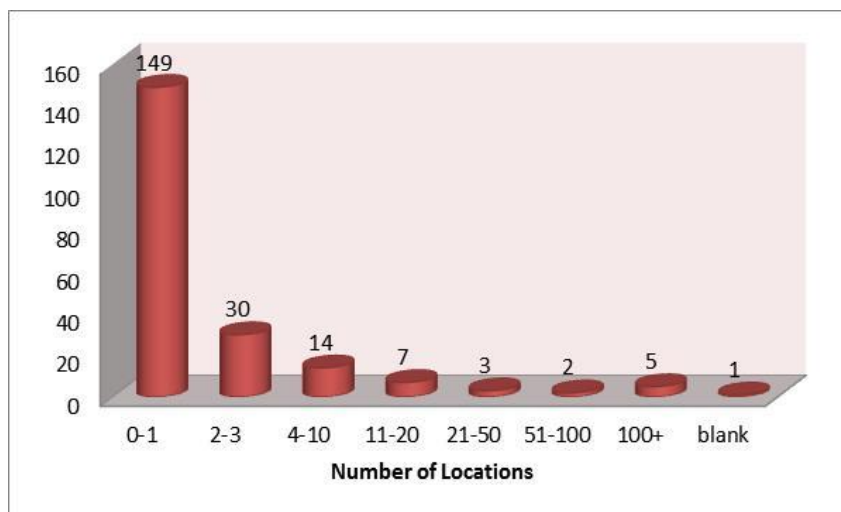
### 1. Number of Tanks Owned/Operated

130 of the 211 respondents (62%) operate 1-3 tanks.



### 2. Number of Locations Currently Owned/Operated

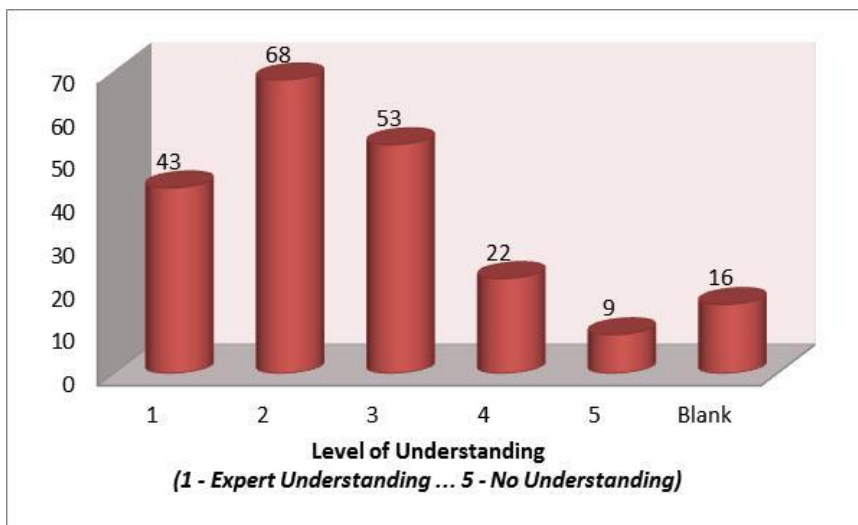
149 of the 210 respondents (71%) have 1 location.





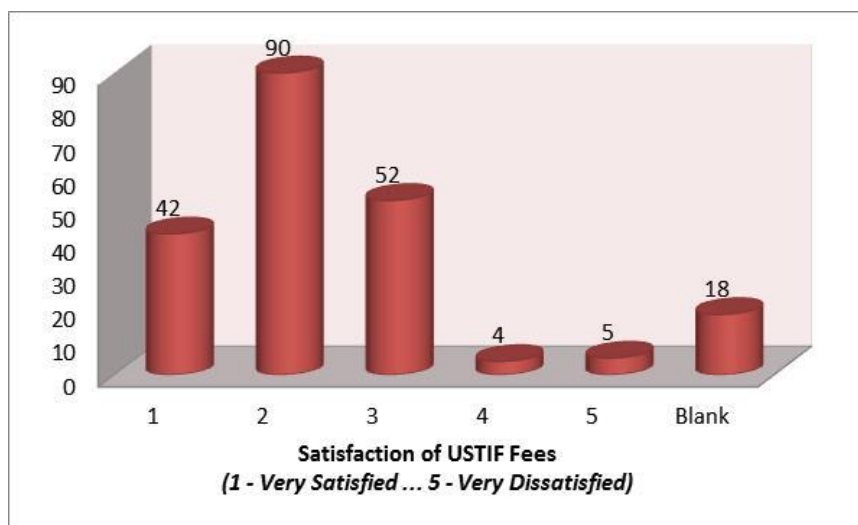
### 3. Understanding of EPA Regulations

The majority of the respondents, 57%, have a good understanding of the EPA Regulations (selecting 1 or 2).



### 4. USTIF Fees Reasonable

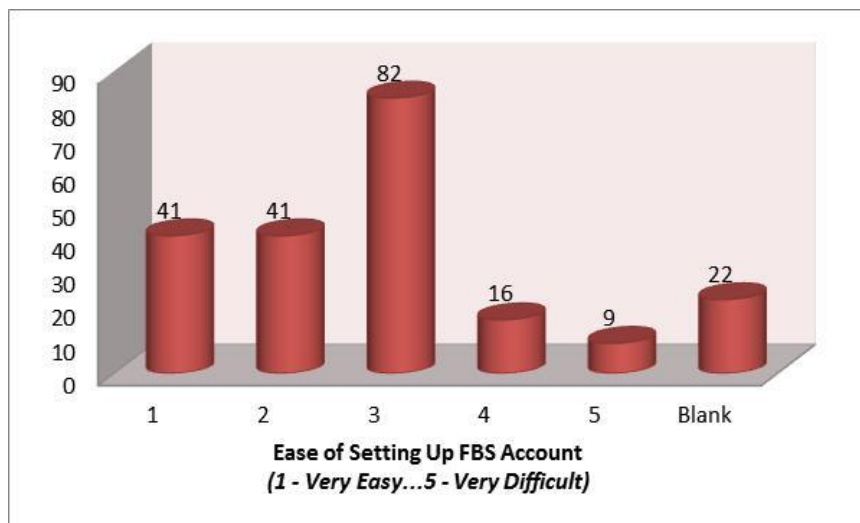
68% of respondents were satisfied (scored 1 or 2) with the reasonability of the USTIF Fees. Interestingly, a higher percentage of respondents who had claims versus those who did not said they were satisfied with the USTIF fees (73% with claims vs 67% without claims). Lastly, there was a larger portion of dissatisfaction among those that filed claims (15% of those that filed claims were dissatisfied vs 2% of those with no claims). Since there was no cohesive response from the comments provided, specific comments pertaining to this question can be found in Appendix B.





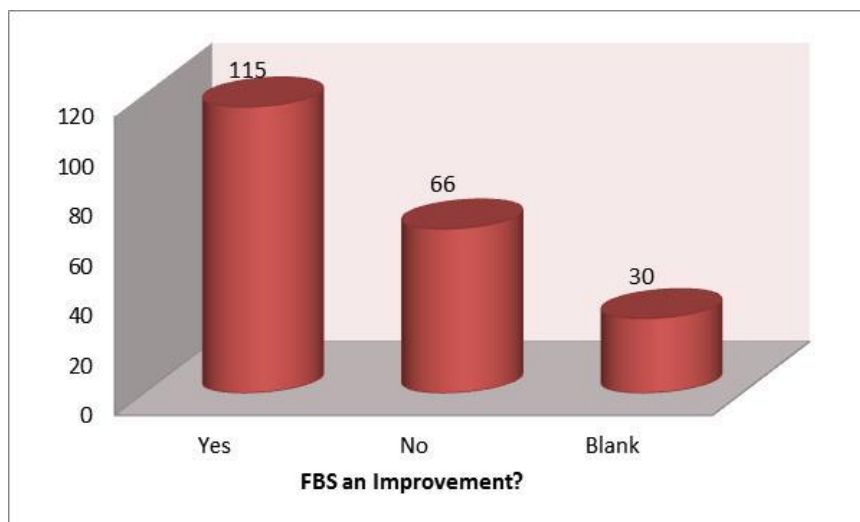
5. New Fee Billing System (FBS): Ease of Account Creation

43% of respondents found it easy to create an account (scored 1 or 2), 43% of respondents found it neither easy nor difficult, and 13% found it difficult.



6. New FBS: Improvement Over Old System

The majority of respondents (64%) found the FBS to be an improvement over the prior system. Of the 66 No's, 16 did not use or open the FBS, 10 do not like it, and 3 had a problem setting up an account. Of the 10 that do not like the new FBS system, 7 preferred the old system and 3 don't like the additional reporting demands.

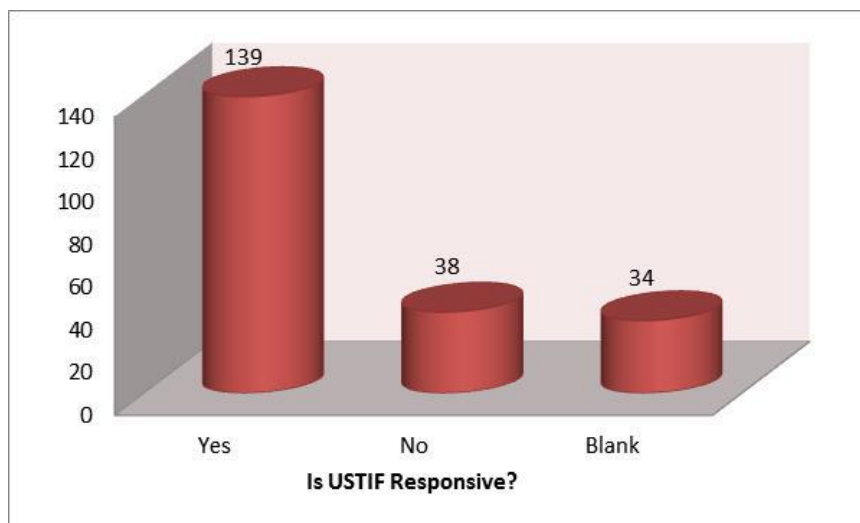




## 7. USTIF Responsiveness

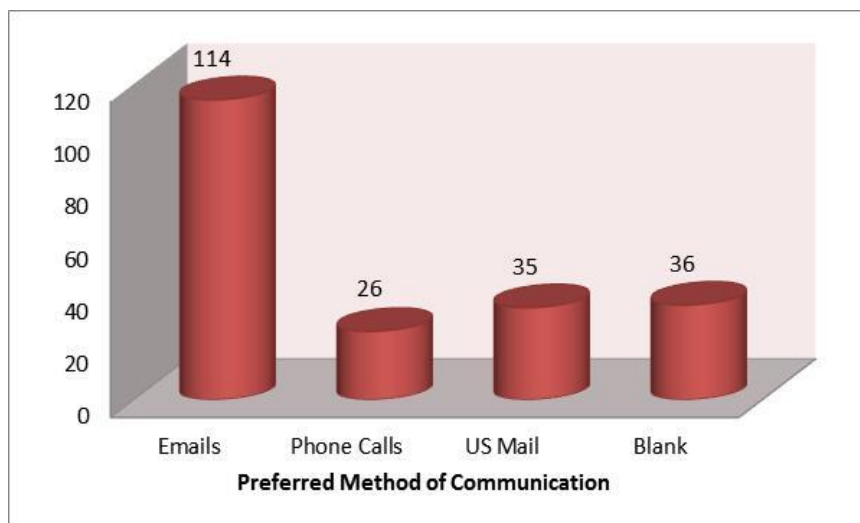
Majority of respondents (79%) said USTIF was responsive. Of the 38 No responses, half never tried to contact USTIF. Also worth noting, 91% of respondents with a claim said USTIF was responsive.

There were no names listed as “not responsive”. The following names were noted as being responsive: Amy Steiner, Andrew Sepos, Betsy, Guy W. Curran, Kevin Bear, Lisa Fry, Pragyna Singireddy, Richard Burgan, and Samuel Rees Sr.



## 8. Preferred Method of Communication

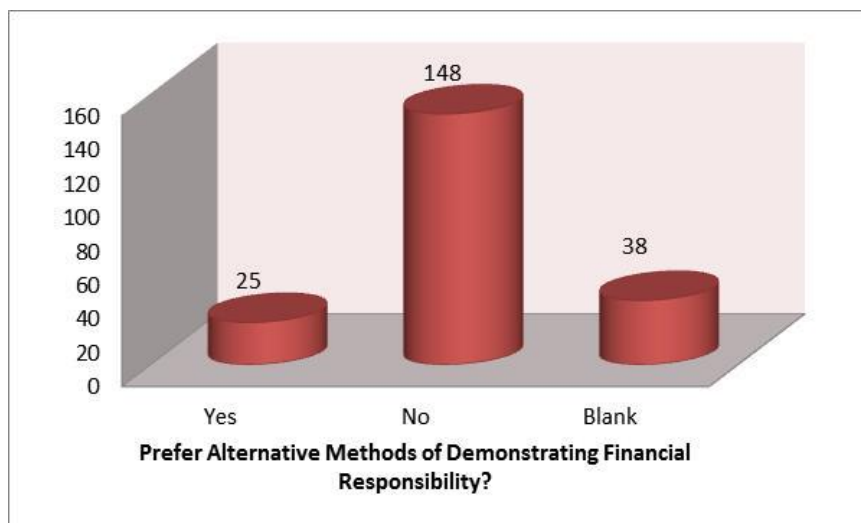
The majority of respondents (65%) said email was the preferred method of contact. US Mail came in 2nd with 20% and phone calls in 3rd with 15%.





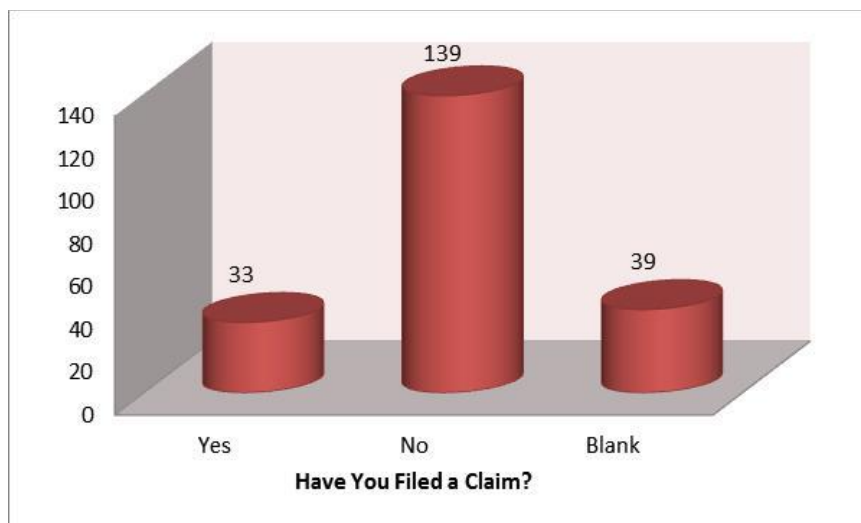
#### 9. Alternative Methods of Demonstrating Financial Responsibility

The majority of respondents (86%) indicated they preferred the current methodology for demonstrating financial responsibility. A few of the respondents were unsure what the current methodology was while others said: “Bonds”, “Private Insurance”, and “Premises Pollution Liability Insurance”.



#### 10. Those Filing Claims

19% of respondents filed a claim.

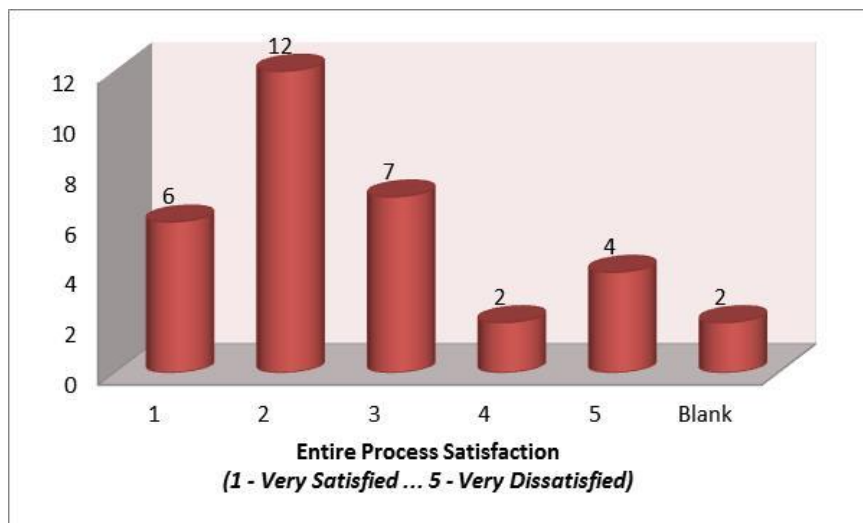




The following questions were asked only of those who indicated they had filed a claim.

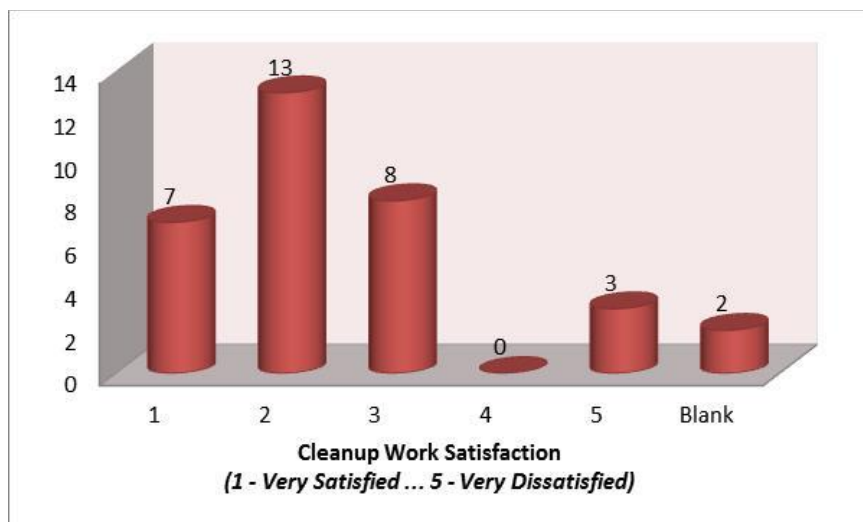
i. Entire Process (Claims Handling, Cleanup, & Payment of 3<sup>rd</sup> Party Liability Claims)

The majority of respondents (58%) were satisfied (scored 1 or 2) with the entire process as described above, while 19% of respondents were dissatisfied (scored 4 or 5).



ii. Cleanup Work Performed

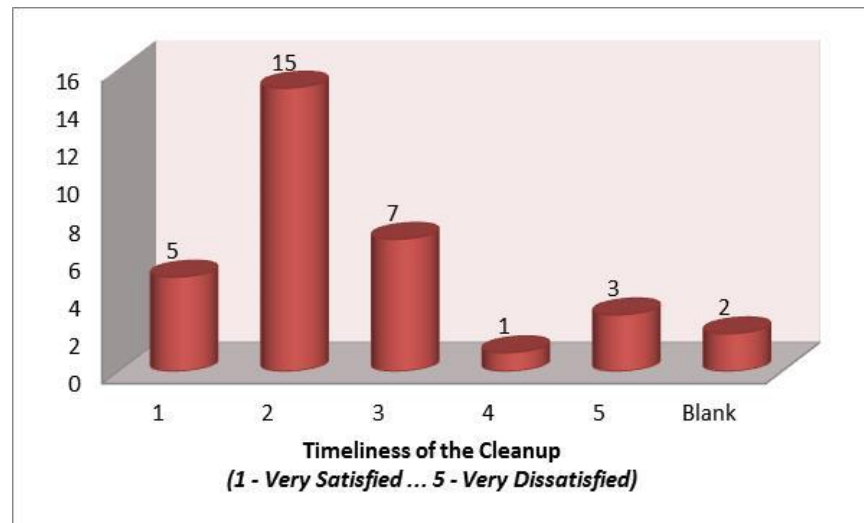
The majority of the respondents (65%) were satisfied (scored 1 or 2) with the cleanup work performed, while 10% were dissatisfied (scored 4 or 5).





iii. Timeliness: Completion of Cleanup

The majority of the respondents (65%) were satisfied (scored 1 or 2) with the timeliness of the cleanup work performed, while 13% were dissatisfied (scored 4 or 5).



iv. What Claimants Liked Most About the Claim Process

- Cooperation of everyone involved
- Being kept informed during the process
- Presence of coverage
- "...all UST owners in Pennsylvania should recognize that we have one of the best and healthiest insurance programs in the US."

v. What Claimants Liked Least About the Claim Process

- Coverage disputes and/or denial
- Bureaucratic
- Process takes too long
- Claims adjuster taking too long to respond
- The deductible
- The use of third parties leads to inefficiencies
  - "3rd party keeps sending bills but is not pressed to come up with a solution to problem, 3rd party openly said they will run project out till there is no funds remaining and then will just leave"
- "...issues and inconsistency between what USTIF - ICF wants and the PA DEP"



- “Strong arm negotiation tactics”
- “Inconsistency with some of the different administrators.”

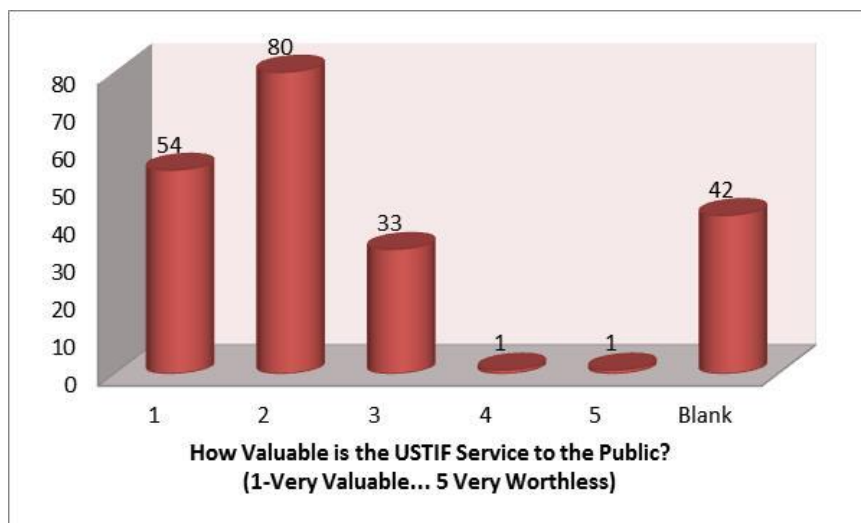
vi. How can USTIF Improve the Claim Process?

- “Eliminate or change the time frame of 60 day notice”
- “Better understanding of the timelines imposed by the PADEP regulations so that claim payments are more closely aligned with actual work timelines.”
- “need to get more involved, need to communicate with insured party more often, need to monitor third parties more closely, need to hold payment to third party if no decisions or problem solving is being completed”
- “Be more lenient with coverage. We were denied coverage because a \$200 payment had been received late from the former owner of a location.”
- “pay the full amount instead of partial ! with the millions of dollars in the fund ( i understand the state is going to steal another 100 million ) there is no reason for partial payments !”
- “Stop looking for ways to not pay a claim and pay the claims”
- “Start at the beginning, establish a new or at least refreshed Claim approval process with ICF. Then send out a very simple and clear letter to all tank owners what they will need in the event they have a release. I believe it would be truthful to say most UST owners do not know what records they will need to support a claim application. Yes it is their responsibility to know, but they don't. The next step would be to streamline the site characterization and remediation process, maybe have the environmental consultants take a PADEP/USTIF certification training course to get everyone on the same page.”
- “Complete change in mission and management.”



## 11. Value of USTIF Service to Public

The majority of respondents (79%) found the service USTIF provides to the public to be valuable (scored 1 or 2), while 1% found the service to be worthless (scored 4 or 5). Those who have filed claims place a higher value on USTIF's services (94% found valuable) than those who have never had a claim (76% found valuable).



### Respondent comments:

- “Again, without this fund small independent gas station operators would most likely close or sell as environmental insurance would be cost prohibitive. Also, the PA banking community tends to understand USTIF and makes banking and financing possible because of the coverage.”
- “Placing this responsibility with the government and funding through affordable premiums is a win for the environment “
- “Please look at a state that doesn't have an UST cleanup fund to explain my selection.”
- “I give me some secured that if there was a leak it will be handled.”
- “keeps pressure on people to prevent spills.”
- “I'm sure in many cases protection of groundwater recourses has been achieved despite USTIF inefficiencies. “
- “Most other state enviro cleanup programs have failed. PA is fortunate to still have a cleanup program intact. When will PA general fund pay back the monies borrowed from USTIF years ago?”
- “prevent soil contamination”
- “protects our environment”



- “We've acquired property that has been through the program and it seems very useful in getting spills cleaned up properly by ownership so the community does not have further damage or concern related to environmental quality. “
- “From a resident point of view-it is reassuring to know USTIF is providing assistance and help.”
- “someone needs to monitor the underground problems, public is not aware of what is going on in their area but just because a bulk plant is in the area does not always mean the leak is from their equipment”



# Performance Review Findings

## Funding Adequacy

As discussed earlier, the fund's cash and invested assets totaled \$224.8 million as of June 30, 2016. The fund carries a receivable on its balance sheet of \$67.5 million representing the principal remaining on the \$100 million general fund loan. A further receivable of \$14.6 million represents the accumulated unpaid interest on the general fund loan. Total assets were therefore \$306.9 million.

USTIF collects fees based both on a flat charge per owned tank as well as a flat per gallon throughput charge. Assuming the number of tanks and gallons sold remain constant, the annual fees collected will also remain flat. In contrast, cleanup costs tend to increase over time due to general economic inflation, in the absence of cost containment efforts. Eventually, cleanup costs are expected to exceed the fees collected and USTIF will be forced to draw on its assets to cover the difference.

During September 2003, the Board established a fee setting objective requiring the Fund maintain positive Cash and Invested Assets for a prospective period of at least five years. The deficit situation and its long term impact is monitored and discussed by the Board at least annually; the Board requests that its actuaries model both the deficit as well as a number of possible solutions as part of the annual actuarial report. According to the June 30, 2016 actuarial report, it is not expected that the fund will deplete its asset base and enter a negative cash flow position during the 20 year projection horizon.

An actuarial report is prepared once a year in order to estimate the total amount yet to be paid to clean up spills reported to date. As of June 30, 2016, this unpaid claim estimate was \$386.0 million and when combined with other liabilities of the fund totals \$409.5 million. The difference between total liabilities and total assets represents the fund's deficit, or unfunded liability, of \$102.7 million. Unless fees are increased at some point, USTIF will exhaust its assets and be unable to pay for further cleanups. It is important to note that the fund's deficit has decreased by more than half over the past 5 years.

Annual claim payments have decreased significantly over the review period from \$40.4 million to \$34.2 million, likely due at least in part to cost control measures introduced and expanded by USTIF during the period.

USTIF collects fees from tank owners of roughly \$60 million per year. USTIF commissioned a study entitled, "Report on Internal Controls: Revenue and Collection Process", dated August 20, 2010. This report found that the risk of a material misstatement or error approaching \$3.0 million was high due primarily to the honor system used to report and pay the per gallon fees. We understand that USTIF has formed a working group to address the issues identified in the report. As a result, on July 1, 2017, a new web based Fee Billing System (FBS) was implemented.

While still in its infancy, once fully adopted, the new FBS will require distributors to provide detailed reports of deliveries down to the tank level so that the program area can perform internal audits to ensure that accurate reporting and revenue collection is taking place. It is hoped that this will eliminate processing errors, create a more efficient payment process, and result in increased revenue for USTIF. The Board is acting to ensure USTIF collects all fees to which it is entitled. For this review period, the deficit has improved and the Board will continue to monitor it closely.



## Duplication of Services

Currently, participation in the fund by tank owners and operators is mandatory and no commercial insurance market exists for similar coverage. While there are a small number of firms writing private insurance for pollution liability, the coverage offered comes with some limitations (i.e. coverage is often excess, it does not apply to releases before the coverage date, and it excludes faulty workmanship). Since the coverage provided by USTIF is more comprehensive and there is nothing else in the market providing the same level of service, there is little duplication of services at present.

## Demonstrated Need for the Program

During the 1980's, the EPA found that a significant number of USTs were either leaking or nearing the end of their useful lives; many of these USTs stored fuel. Given that a significant portion of the US population relied on ground water for drinking, contamination of these water sources by leaking USTs posed a significant health risk. This led Congress to act by establishing a UST regulatory program as part of the Resource Conservation and Recovery Act. EPA was given authority to establish operating requirements and technical standards for tank design and installation, leak detection, spill and overflow control, corrective action, and tank closure. All tanks had to comply with leak detection regulations by 1993 and all tanks installed prior to 1988 had to be upgraded with spill, overflow, and corrosion protection, be replaced, or closed by the end of 1998. The EPA established minimum financial responsibility requirements of \$1 million to ensure UST owners and operators are able to pay the cost of corrective action and compensate third parties for injuries and property damage caused by leaking tanks. Many states opted to establish financial assurance funds to satisfy this financial responsibility requirement.

Demonstration of financial responsibility is required by the EPA. USTIF has a number of characteristics that benefit fund participants, especially small operators. For instance, availability of coverage and post leak coverage disputes are not significant issues. In addition, USTIF and DEP feel they have developed a close working relationship that would likely be difficult to achieve between DEP and multiple organizations. Fund participants who responded to our survey were generally pleased with USTIF's claim handling process and the timeliness of remediation efforts, although the impression of some was that USTIF and DEP could further improve their level of cooperation. Additionally, further communication about the claim process (i.e. timelines, documents needed to file a claim, etc) would hopefully help manage participants' expectations and help them understand why a claim might be approved or denied.

The threat from leaking underground storage tanks is evolving despite upgraded UST designs that include features such as double walls, improved anti-corrosion and leak detection technology, thus decreasing the likelihood of spills getting into the environment undetected. Emerging challenges include the mandated increase in use of alternative fuels such as ethanol and biofuels, which pose problems as they can be more corrosive than gasoline, thus increasing the risk of UST leaks in the future. In the EPA's revised 2015 UST regulation, owners must now demonstrate their UST system is compatible with certain fuels before storing them. As newer fuels with different chemical properties enter the market place, it is important for owners to ensure that there are no releases due to stored fuels being incompatible with the UST system. Furthermore, the new regulation requires owners and operators to test within 30 days if there has been a repair to a spill or overflow equipment and secondary containment area.

Given the goal of cleaning up UST spills quickly and efficiently, the potential for maintaining and improving the close working relationship between USTIF and DEP is desirable. In addition, having a single entity review and handle all UST claims may result in identifying and addressing emerging issues much more quickly. Providing broad coverage to all UST owners and operators ensures that, in the event



of a spill, proper remediation will take place thus protecting the environment as well as the Commonwealth.

## Negative Impacts if Program is Dissolved

Before discussing the potential negative impacts that may result from the dissolution of USTIF, we feel it is worth highlighting that the majority of program Participants who responded to the online survey (70%), preferred to continue to utilize USTIF as a means to demonstrate financial responsibility. In fact, a number of compliments were directed at the claims adjusters and at USTIF's efficiency.

Were a decision taken to dissolve USTIF, the first requirement would likely be the passage of enabling legislation and regulations. Given the current state government budgetary constraints, this process may prove contentious, especially considering the current deficit position of the fund. Assuming USTIF were placed into runoff, it presumably would no longer be entitled to collect fees, currently \$60 million annually, and the cash flow would become negative. Consequently, the fund's assets, roughly \$224.8 million, plus the outstanding principal of the general fund loan plus accrued interest, approximately \$82.1 million, would be drawn down to pay claims much faster than projected in Aon's June 2016 report. The fund would likely enter a negative cash flow position in the near-term (approximately 5-10 years). The question then becomes how the remaining unpaid claims deficit would be funded. Current tank owners could be assessed a one-time payment that would likely be a significant multiple of their current annual fee. Alternatively, state taxpayers could be asked to take over the obligation. Another approach might be to make annual assessments on a quasi pay as you go basis.

The fund could maintain positive cash flows for a longer period were it not allocating roughly \$6.5 million annually to the DEP. However, the loss of these funds would adversely impact DEP's budget and potentially its cooperative working relationship with the fund.

If the fund were dissolved, tank owners would still be subject to the EPA's financial responsibility regulations and would need to demonstrate their financial responsibility by securing one of the alternate methods acceptable to the EPA:

- Insurance coverage
- Guarantee
- Surety bond
- Letter of credit
- Trust fund
- Passing of a financial test

Each of the alternatives listed above involves additional cost due to: 1) the need to shop around for the best price (insurance, surety bond, and letter of credit), 2) prepare additional supporting documentation (guarantee, trust fund, and financial test), or 3) setting up a trust fund and hiring financial professionals to ensure an adequate balance is maintained. A number of the alternatives may suffer from affordability or availability problems, especially for smaller owners who are not viewed as large enough to have credible loss histories. Insurance policies need not be standardized across companies and may incorporate different policy language that restricts coverage in different ways, i.e. certain losses might be covered under one policy, but not another. Some of the alternatives may encourage non-disclosure of leaks due to the resulting increase in future year's costs. The bottom line is that dissolving the USTIF fund would



ultimately result in higher costs to the tank owners and operators in terms of the resources needed attain coverage and the additional costs associated with the insurance.

## Benefits Provided by Program

Many of the benefits provided by the program have been described in detail elsewhere in this report. Therefore, only a quick listing is given here:

1. Near universal participation by tank owners under the current program
2. Prompt reporting of leaks, which is encouraged by USTIF's coverage language and claims procedures, i.e. no coverage for very late reported claims.
3. Simple fee structure - The current system of charging fees based strictly on the amount of throughput is easy to explain and understand, notwithstanding potential difficulties of verifying the per gallon or tank capacity fees (the new Fee Billing System addresses this).
4. Availability of coverage - Fund participants are able to purchase coverage and demonstrate financial responsibility to the EPA.
5. Consistent coverage language, fewer coverage disputes
6. No need to expend time and resources shopping for coverage
7. USTIF works with DEP's regional offices during the remediation process with the goal of more timely and cost-effective cleanup responses.



## Appendix A – USTIF Performance Review Survey Questions

Two separate questionnaires were prepared for two groups of USTIF stakeholders: 1) USTIF Board Members, Deputy Insurance Commissioner, and USTIF's Executive Director, and 2) USTIF Participants. The questions contained in each of these surveys are documented below.

### Board Members, Deputy Commissioner, Executive Director

Questions for this group of stakeholders consisted of both "Yes/No/Don't Know" and "Comment" types as indicated in bold below.

1. Is there adequate funding for the programs? (USTIF, TIIP, DEP Allocations, Voluntary Heating Oil Program, Pay for Performance Program) (**"Yes/No/Don't Know"**)
  - a. Given the current cash position, are you concerned some programs may not have adequate funding in the future? (**"Yes/No/Don't Know"**)  
  
If so, over what time-frame? (**"Comment"**)  
  
Please describe any concerns. (**"Comment"**)
  - b. How confident are you that USTIF collects all fees to which it is entitled? If you are not confident, what concerns you, how might your concerns be addressed, and how much might this be affecting the adequacy of funding for the programs? (**"Comment"**)
  - c. Do you feel the current fee structure will need to be altered? (**"Yes/No/Don't Know"**)  
  
If so, how and over what time-frame? (**"Comment"**)
  - d. Would you favor considering altering the limits and/or deductibles as a means of addressing a potential unfunded liability (**"Yes/No/Don't Know"**)
2. Do you feel there is any duplication of services provided by USTIF? (**"Yes/No/Don't Know"**)
  - a. Considering the services provided by each of the programs, are you aware of any duplication of services? (**"Comment"**)
3. Is there a demonstrated need for the programs? (**"Yes/No/Don't Know"**)
  - a. In the absence of the Fund, UST owners and operators would still be subject to EPA's financial responsibility regulations. Do you feel the other possible methods of demonstrating financial responsibility to the EPA (i.e. insurance coverage, guarantee, surety bond, letter of credit, trust fund, or passing a financial test) would work as well as the Fund? Please explain. (**"Comment"**)



- b. Would you prefer any of the alternatives for demonstrating financial responsibility under EPA regulations? Why or why not would you prefer the alternative? (**“Comment”**)
- 4. Do you foresee any negative impact if the USTIF were dissolved? (**“Yes/No/Don’t Know”**)
  - a. What impacts do you foresee if the USTIF were dissolved? (**“Comment”**)
- 5. The USTIF was created to assist UST owners and operators demonstrate financial responsibility requirements established by the EPA (and DEP) to cover the cost of corrective action and pay third party liability in the event that an UST leaks.
  - a. Do you feel the USTIF is providing benefits as intended when it was conceived? (**“Yes/No/Don’t Know”**)
  - b. How well has the USTIF served its purpose? (**“Comment”**)
  - c. How confident are you that eligible leaks are addressed in a timely and cost effective manner? (**“Comment”**)
  - d. What concerns do you have regarding response time, adequacy of corrective action, issues regarding on-going monitoring of sites? (**“Comment”**)
  - e. Do the limits and deductibles currently in use provide adequate coverage for claimants? (**“Comment”**)
- 6. The new Fee Billing System (FBS) was recently rolled out. It was created to streamline the billing process (reduce costs and improve efficiencies) and is intended to result in more accurate reporting and revenue collection.
  - a. Do you believe the new Fee Billing System will achieve its intended purpose? (**“Comment”**)
  - b. Do you believe it will be well received by the fund participants? (**“Comment”**)
  - c. Do you foresee any challenges with the adoption and integration of the new Fee Billing System? (**“Comment”**)



## Fund Participants & Claimants

Questions for this group of stakeholders consisted of “Scale 1..5”, “Yes/No” and “Comment” types as indicated in bold below.

1. How many tanks do you currently own/operate? (**“1-3, 4-6, 7-11, 12-21, 22-49, 50-1000”**)
2. How many locations do you currently own/operate? (**“Comment”**)
3. How well do you feel you understand EPA regulations addressing the cleanup of underground storage tank leaks and the requirement to demonstrate financial responsibility? (**“SCALE 1 [Expert Understanding]..5 [No Understanding]”**)
4. How satisfied are you that the fees paid to USTIF are reasonable for the coverage received? (**“SCALE 1 [Very Satisfied]..5 [Very Dissatisfied]”**)
  - a. If not, please explain. (**“Comment”**)
5. In 2015, USTIF created a dedicated website, ustif.pa.gov. In May, participants began creating accounts for the Fee Billing System (FBS) on the website. How easy was it to create an account? (**“SCALE 1 [Very Satisfied]..5 [Very Dissatisfied]”**)
6. From your perspective, has the new Fee Billing System been an improvement over the old system? (**“Yes/No”**)
  - a. Please explain. (**“Comment”**)
7. Do you find USTIF responsive to your inquiries? (**“Yes/No”**)
  - a. If yes, is there anyone in particular who was responsive? Please enter name(s). (**“Comment”**)
  - b. If no, is there anyone in particular who was not responsive? Please enter name(s). (**“Comment”**)
8. How would you prefer to interact with USTIF? (**“Emails, Phone calls, or US Mail”**)
9. Would you prefer an alternative method of demonstrating financial responsibility for covering the cleanup of underground storage tank leaks and the payment of related third party liability claims? (**“Yes/No”**)
  - a. If so, what would you prefer and why? (**“Comment”**)
10. Have you ever filed an USTIF claim? (**“Yes/No”**)
  - a. How satisfied were you with the process, including timeliness of claims handling process, cleanup and payment of third party liability claims. (**“SCALE 1 [Very Satisfied]..5 [Very Dissatisfied]”**)



- b. How satisfied were you with any cleanup work performed? (**"SCALE 1 [Very Satisfied]..5 [Very Dissatisfied]"**)
  - c. Do you feel it was completed in a timely manner? (**"SCALE 1 [Very Satisfied]..5 [Very Dissatisfied]"**)
  - d. What did you like most about the process? (**"Comment"**)
  - e. What did you like least about the process? (**"Comment"**)
  - f. In what ways might USTIF improve the process? (**"Comment"**)
11. How valuable do you feel the service USTIF provides to the public is? (**"SCALE 1 [Very Valuable]..5 [Not At All Valuable]"**)
- a. Please explain. (**"Comment"**)



## Appendix B – USTIF Performance Review Survey Responses

Appendix B documents the responses of those stakeholders who responded to the surveys.

### Board Members, Deputy Commissioner, Executive Director

A total of 14 Surveys were sent to the following USTIF Board Members, USTIF Board Alternates, Ex-Officio Members and the Executive Director of USTIF. As of October 6, 2017, responses have been received from all but 1 Ex-Officio Member and 2 Board Alternates. The survey results are representative in the sense that either a Board Member or Alternate (or both) responded from each of the above groups.

#### 6 Board Members & 4 Board Alternates

Note that 1 Board Seat was relinquished due to the dissolution of MATSO in December 2006. The Local Government Knowledgeable About Storage Tanks Board Seat was Vacant as of this report.

1. Associated Petroleum Industries of PA – **One Response**
2. Alliance of Automotive Service Providers of PA – **Two Responses**
3. Public Member – **Two Responses**
4. PA Petroleum Association – **One Response**
5. PA Farm Bureau, PA State Grange, PA Farmers Union – **One Response**
6. Tank Installers of PA – **One Response**
7. Local Government Knowledgeable About Storage Tanks – VACANT
8. Middle Atlantic Truck Stop Operators (MATSO) - DISSOLVED

#### Two Ex-Officio Members & Two Alternates

1. Department of Environmental Protection, Ex-Officio Member – **One Response**
2. PA Insurance Department, Ex-Officio Member – **One Response**

The Executive Director of USTIF – **One Response**



Survey responses are provided below.

1. Is there adequate funding for the programs? (USTIF, TIIP, DEP Allocations, Voluntary Heating Oil Program, Pay for Performance Program)

Associated Petroleum Industries of PA	Yes
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	Yes
Public Member	Yes
PA Petroleum Association	Yes
PA Farm Bureau, PA State Grange, PA Farmers Union	No
Tank Installers of PA	No
The Executive Director of USTIF	Yes
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	Don't Know
Public Member [Alternate]	Don't Know
Department of Environmental Protection, Ex-Officio Member [Alternate]	Yes
PA Insurance Department, Ex-Officio Member [Alternate]	Yes

- a. Given the current cash position, are you concerned some programs may not have adequate funding in the future?

Associated Petroleum Industries of PA	Yes
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	Yes
Public Member	No
PA Petroleum Association	No
PA Farm Bureau, PA State Grange, PA Farmers Union	Yes
Tank Installers of PA	Yes
The Executive Director of USTIF	Yes
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	Don't Know
Public Member [Alternate]	Yes
Department of Environmental Protection, Ex-Officio Member [Alternate]	No
PA Insurance Department, Ex-Officio Member [Alternate]	No



If so, over what time-frame? Please describe any concerns.

Associated Petroleum Industries of PA	Yes, if \$7 million is diverted to PADEP for compliance activity.
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	Pa Government taking money out of the fund
Public Member	No Response
PA Petroleum Association	No Response
PA Farm Bureau, PA State Grange, PA Farmers Union	Longer Range---10 + years
Tank Installers of PA	Heating oil program should have additional funding
The Executive Director of USTIF	DEP has pending legislation to raise the amounts of allocations received from the program area in addition to what they already receive. There are concerns that in the long run, the add'l monies allocated to DEP along with the non payment of the general loan, will reduce the amount of monies available for long term investments thus possibly causing the reversal of the decreasing unfunded liability amount that has been the beneficiary of a strong investment market.
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	No Response
Public Member [Alternate]	I looked at the report from 2012 and it indicated that in 2017/2018 that the Ultimate Loss and ALAE was 64,084,103 with Revenue of 58,436,275 or a ratio of 110%
Department of Environmental Protection, Ex-Officio Member [Alternate]	No Response
PA Insurance Department, Ex-Officio Member [Alternate]	No Response

b. How confident are you that USTIF collects all fees to which it is entitled?

Associated Petroleum Industries of PA	Confident
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	I believe the new system will correct most issues concerning collections
Public Member	Not Confident
PA Petroleum Association	Confident



PA Farm Bureau, PA State Grange, PA Farmers Union	<i>Confident</i>
Tank Installers of PA	<i>Confident</i>
The Executive Director of USTIF	<i>Not Confident</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	<i>Confident</i>
Public Member [Alternate]	<i>Confident</i>
Department of Environmental Protection, Ex-Officio Member [Alternate]	<i>Confident</i>
PA Insurance Department, Ex-Officio Member [Alternate]	<i>Confident</i>

If you are not confident, what concerns you, how might your concerns be addressed, and how much might this be affecting the adequacy of funding for the programs?

Associated Petroleum Industries of PA	<i>No Response</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	<i>No Response</i>
Public Member	<i>I believe that most of the fees are being collected. When you say "all" fees that means that nothing is missed and that is unlikely.</i>
PA Petroleum Association	<i>No Response</i>
PA Farm Bureau, PA State Grange, PA Farmers Union	<i>No Response</i>
Tank Installers of PA	<i>No Response</i>
The Executive Director of USTIF	<i>There are concerns related to the "honor" system of reporting gallon fees collected by distributors. With the rollout of the new Fee Billing System, it has become evident that the USTIF distributors are not familiar with the Regulations governing their activities. It is hopeful the new system will eliminate "gaps" in the reporting methods.</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	<i>No Response</i>
Public Member [Alternate]	<i>No Response</i>
Department of Environmental Protection, Ex-Officio Member [Alternate]	<i>No Response</i>
PA Insurance Department, Ex-Officio Member [Alternate]	<i>No Response</i>



c. Do you feel the current fee structure will need to be altered?

Associated Petroleum Industries of PA	Yes
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	No
Public Member	No
PA Petroleum Association	Don't Know
PA Farm Bureau, PA State Grange, PA Farmers Union	No
Tank Installers of PA	No
The Executive Director of USTIF	Don't Know
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	Don't Know
Public Member [Alternate]	Don't Know
Department of Environmental Protection, Ex-Officio Member [Alternate]	No
PA Insurance Department, Ex-Officio Member [Alternate]	No

If so, how and over what time-frame?

Associated Petroleum Industries of PA	1. PADEP is increasing amount going to enforcement. 2. New PADEP regulations (expected 2018) will require more testing of systems, will identify more impacted sites and there will be more claim activity- similar to 1998.
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	No Response
Public Member	No Response
PA Petroleum Association	No Response
PA Farm Bureau, PA State Grange, PA Farmers Union	No Response
Tank Installers of PA	No Response
The Executive Director of USTIF	It is too premature to make this determination. This analysis is dependent on whether the new reporting system will result in an increase in revenue coupled with the effect the increased DEP allocations will have on the financial statement numbers.



Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	No Response
Public Member [Alternate]	No Response
Department of Environmental Protection, Ex-Officio Member [Alternate]	Assuming the loan from the General Fund is repaid and another loan is not implemented.
PA Insurance Department, Ex-Officio Member [Alternate]	No Response

- d. Would you favor considering altering the limits and/or deductibles as a means of addressing a potential unfunded liability?

Associated Petroleum Industries of PA	Yes
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	No
Public Member	Don't Know
PA Petroleum Association	Yes
PA Farm Bureau, PA State Grange, PA Farmers Union	No
Tank Installers of PA	No
The Executive Director of USTIF	No
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	Don't Know
Public Member [Alternate]	Don't Know
Department of Environmental Protection, Ex-Officio Member [Alternate]	No
PA Insurance Department, Ex-Officio Member [Alternate]	No

2. Do you feel there is any duplication of services provided by USTIF?

Associated Petroleum Industries of PA	No
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	No
Public Member	No
PA Petroleum Association	No
PA Farm Bureau, PA State Grange, PA Farmers Union	No
Tank Installers of PA	No
The Executive Director of USTIF	No



Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	<i>Don't Know</i>
Public Member [Alternate]	<i>No</i>
Department of Environmental Protection, Ex-Officio Member [Alternate]	<i>No</i>
PA Insurance Department, Ex-Officio Member [Alternate]	<i>No</i>

- a. Considering the services provided by each of the programs, are you aware of any duplication of services?

Associated Petroleum Industries of PA	<i>No Response</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	<i>No Response</i>
Public Member	<i>No Response</i>
PA Petroleum Association	<i>No Response</i>
PA Farm Bureau, PA State Grange, PA Farmers Union	<i>No Response</i>
Tank Installers of PA	<i>No Response</i>
The Executive Director of USTIF	<i>I am aware there are a small number of firms (10-12) writing private insurance for pollution liability but coverage is not provided for releases prior to the coverage date. Most policies are excess or secondary coverage. Faulty workmanship is excluded under liability policies for the TIIP installers so USTIF fills a coverage void in that arena s no other coverage is available.</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	<i>No Response</i>
Public Member [Alternate]	<i>No Response</i>
Department of Environmental Protection, Ex-Officio Member [Alternate]	<i>There is some duplication of responsibilities between the Dept of Insurance third party reviewers and DEP, but it is necessary. USTIF needs to review actions for cost efficiency and effectiveness, DEP needs to decide whether remediation is effective in attaining a cleanup standard.</i>
PA Insurance Department, Ex-Officio Member [Alternate]	<i>No Response</i>



3. Is there a demonstrated need for the programs?

Associated Petroleum Industries of PA	Yes
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	<i>I believe small tank operators would have a very difficult time proving financial responsibility.</i>
Public Member	No
PA Petroleum Association	No
PA Farm Bureau, PA State Grange, PA Farmers Union	No
Tank Installers of PA	No
The Executive Director of USTIF	No
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	Yes
Public Member [Alternate]	No
Department of Environmental Protection, Ex-Officio Member [Alternate]	No
PA Insurance Department, Ex-Officio Member [Alternate]	No

- a. In the absence of the Fund, UST owners and operators would still be subject to EPA's financial responsibility regulations. Do you feel the other possible methods of demonstrating financial responsibility to the EPA (i.e. insurance coverage, guarantee, surety bond, letter of credit, trust fund, or passing a financial test) would work as well as the Fund? Please explain.

Associated Petroleum Industries of PA	<i>Some companies use surety bonds in many other states and it is not a problem. It would be far less expensive than throughput cost at present.</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	No Response
Public Member	No Response
PA Petroleum Association	<i>Would not be able to control prices as well.</i>
PA Farm Bureau, PA State Grange, PA Farmers Union	No Response
Tank Installers of PA	<i>The fund provides a very needed equitable service that is not available elsewhere.</i>



The Executive Director of USTIF	<i>There are private insurers but they have strict underwriting requirements and wouldn't cover pre-existing claims that would still need to be handled under the USTIF program. Surety bonds and LOC's are an option but the facility owner would still need to provide oversight of the claims as well as pay invoices that may burden him with additional administrative costs. Currently, those costs are assumed by the USTIF program area and not passed on to the program participants.</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	<i>No Response</i>
Public Member [Alternate]	<i>I believe the Fees are lower than what insurance premiums would be. Other collateral would also place some hardship on the owners and operators/</i>
Department of Environmental Protection, Ex-Officio Member [Alternate]	<i>No Response</i>
PA Insurance Department, Ex-Officio Member [Alternate]	<i>No. The Fund provides the best coverage for the lowest cost.</i>

- b. Would you prefer any of the alternatives for demonstrating financial responsibility under EPA regulations?

Associated Petroleum Industries of PA	<i>Don't Know</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	<i>No</i>
Public Member	<i>No</i>
PA Petroleum Association	<i>No</i>
PA Farm Bureau, PA State Grange, PA Farmers Union	<i>No</i>
Tank Installers of PA	<i>No</i>
The Executive Director of USTIF	<i>No</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	<i>Yes</i>
Public Member [Alternate]	<i>No</i>
Department of Environmental Protection, Ex-Officio Member [Alternate]	<i>No</i>
PA Insurance Department, Ex-Officio Member [Alternate]	<i>No</i>



Why or why not would you prefer the alternative?

Associated Petroleum Industries of PA	<i>Would consider an opt-out if funding for new claims remains difficult.</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	<i>No Response</i>
Public Member	<i>No Response</i>
PA Petroleum Association	<i>No Response</i>
PA Farm Bureau, PA State Grange, PA Farmers Union	<i>No Response</i>
Tank Installers of PA	<i>No Response</i>
The Executive Director of USTIF	<i>I believe it may become too cumbersome and costly on some small tank owners to oversee their own environmental remediation programs.</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	<i>No Response</i>
Public Member [Alternate]	<i>No Response</i>
Department of Environmental Protection, Ex-Officio Member [Alternate]	<i>No Response</i>
PA Insurance Department, Ex-Officio Member [Alternate]	<i>No Response</i>

4. Do you foresee any negative impact if the USTIF were dissolved?

Associated Petroleum Industries of PA	<i>No</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	<i>Yes</i>
Public Member	<i>Yes</i>
PA Petroleum Association	<i>Yes</i>
PA Farm Bureau, PA State Grange, PA Farmers Union	<i>No</i>
Tank Installers of PA	<i>Yes</i>
The Executive Director of USTIF	<i>Yes</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	<i>Yes</i>
Public Member [Alternate]	<i>Yes</i>
Department of Environmental Protection, Ex-Officio Member [Alternate]	<i>Yes</i>
PA Insurance Department, Ex-Officio Member [Alternate]	<i>Yes</i>



a. What impacts do you foresee if the USTIF were dissolved?

Associated Petroleum Industries of PA	<i>Some older systems/small operators would go out of business.</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	<i>Owners would not have the financial means to clean up properties</i>
Public Member	<i>The USTIF program works, providing funds for the remediation of pollution from tanks. Commercial Insurance would be difficult for the smaller tank owners to obtain. Underwriting would require annual tank testing to meet and pollution insurance policies have high minimum premiums.</i>
PA Petroleum Association	<i>Some people would probably not get insurance and the state would have to step in.</i>
PA Farm Bureau, PA State Grange, PA Farmers Union	<i>Some tank owners would likely go without coverage (temporarily) and any discovered leak would cause solvency problems and fall back on the shoulders of the government anyway.</i>
Tank Installers of PA	<i>Environmental cleanup would be seriously affected.</i>
The Executive Director of USTIF	<i>If the program was discontinued, there would be a need for a "continuation fund" to be established to oversee the claims remaining in the program. Funding would still be needed for those costs. Some smaller operations may elect to not purchase private coverage and in the event of a release, may not have funding to remediate which may push the claim into DEP oversight and funding. Cleanups on sites may cease, threatening neighboring properties and private water supplies. EPA compliance by state agencies may be in jeopardy.</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	<i>No Response</i>
Public Member [Alternate]	<i>I believe clean up /pollutions situations would rise but uncovered</i>
Department of Environmental Protection, Ex-Officio Member [Alternate]	<i>Statutory and Regulatory work would be required. Alternate financial responsibility would need to be designed and implemented, requiring significant work effort from both government and storage tank owners and operators.</i>
PA Insurance Department, Ex-Officio Member [Alternate]	<i>Yes. The coverage would not be available and could result in a lack of funding to clean up leaking tanks. It would be bad for the environment and the citizens of the Commonwealth.</i>



5. The USTIF was created to assist UST owners and operators demonstrate financial responsibility requirements established by the EPA (and DEP) to cover the cost of corrective action and pay third party liability in the event that an UST leaks. Do you feel the USTIF is providing benefits as intended when it was conceived?

Associated Petroleum Industries of PA	Yes
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	Yes
Public Member	Yes
PA Petroleum Association	Yes
PA Farm Bureau, PA State Grange, PA Farmers Union	Yes
Tank Installers of PA	Yes
The Executive Director of USTIF	Yes
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	Yes
Public Member	Yes
Department of Environmental Protection, Ex-Officio Member	Yes
PA Insurance Department, Ex-Officio Member	Yes

- a. How well has the USTIF served its purpose?

Associated Petroleum Industries of PA	<i>Has been difficult to get funding recently (last 5 years).</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	<i>I think USTIF has served the purpose for which it was designed</i>
Public Member	<i>Well</i>
PA Petroleum Association	<i>No Response</i>
PA Farm Bureau, PA State Grange, PA Farmers Union	<i>We did fine until the fund was raided by the PA state government</i>
Tank Installers of PA	<i>Very well</i>
The Executive Director of USTIF	<i>USTIF has been deemed by the EPA as the #1 program in the country. Over 93% of claims are deemed eligible and claim payments since inception have exceeded \$1 billion dollars.</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	<i>Well</i>



Public Member [Alternate]	<i>I believe USTIF has served the owners and operators as intended</i>
Department of Environmental Protection, Ex-Officio Member [Alternate]	<i>USTIF was created to be the financial responsibility required by federal UST regulations. Without that, EPA would not allow PA to regulate USTs. The USTIF financial position is strong. Storage tank owners and operators are able to complete corrective action and address releases to prevent human health and environmental impacts.</i>
PA Insurance Department, Ex-Officio Member [Alternate]	<i>Extremely well. It is a well run program.</i>

- b. How confident are you that eligible leaks are addressed in a timely and cost effective manner?

Associated Petroleum Industries of PA	<i>Confidence is lowering. It is becoming difficult to get coverage. Denials based on "confidential" third party reports that claim can not review.</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	<i>Very certain</i>
Public Member	<i>yes</i>
PA Petroleum Association	<i>Very confident</i>
PA Farm Bureau, PA State Grange, PA Farmers Union	<i>Confident</i>
Tank Installers of PA	<i>very</i>
The Executive Director of USTIF	<i>With the advent of the 60 day reporting requirement, claims are presented promptly and addressed by the claims team. This results in fewer third party claims and more rapid responses by the remediation firms.</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	<i>Confident</i>
Public Member [Alternate]	<i>I believe in most cases they are however some have been late reporting incidents.</i>
Department of Environmental Protection, Ex-Officio Member [Alternate]	<i>The overall record shows that releases are addressed timely and cost effectively.</i>
PA Insurance Department, Ex-Officio Member [Alternate]	<i>Very confident. The EPA has said that USTIF is the best program of its kind in the country.</i>



- c. What concerns do you have regarding response time, adequacy of corrective action, issues regarding on-going monitoring of sites?

Associated Petroleum Industries of PA	No Response
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	They do take a lot longer than I anticipated.
Public Member	none
PA Petroleum Association	No Response
PA Farm Bureau, PA State Grange, PA Farmers Union	Probably more waste in EPA and DEP oversight than required.
Tank Installers of PA	none
The Executive Director of USTIF	Concerns are minimal in this regard.
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	No Response
Public Member [Alternate]	I believe the response time has been timely regarding corrective action. When late reporting or application submissions have been delayed then corrective action may be delayed as well.
Department of Environmental Protection, Ex-Officio Member [Alternate]	Long Term monitoring is a crucial aspect of pathway elimination type remedies and risk-based corrective actions. Complete site characterizations are essential. These site-specific decisions are very important to the effectiveness of a risk-based program.
PA Insurance Department, Ex-Officio Member [Alternate]	None.

- d. Do the limits and deductibles currently in use provide adequate coverage for claimants?

Associated Petroleum Industries of PA	Yes, when coverage is awarded. Could consider lowering from 1.5 million to 1 million for new claims.
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	I believe so
Public Member	Yes
PA Petroleum Association	Yes
PA Farm Bureau, PA State Grange, PA Farmers Union	Yes
Tank Installers of PA	Yes
The Executive Director of USTIF	Yes, I believe they are adequate. The average cleanup cost per site is \$375,000 which is well within the USTIF coverage limit.



Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	No Response
Public Member [Alternate]	I believe so.
Department of Environmental Protection, Ex-Officio Member [Alternate]	Yes
PA Insurance Department, Ex-Officio Member [Alternate]	Yes.

6. The new Fee Billing System (FBS) was recently rolled out. It was created to streamline the billing process (reduce costs and improve efficiencies) and is intended to result in more accurate reporting and revenue collection.

- a. Do you believe the new Fee Billing System will achieve its intended purpose?

Associated Petroleum Industries of PA	Don't Know
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	Yes
Public Member	Yes
PA Petroleum Association	Yes
PA Farm Bureau, PA State Grange, PA Farmers Union	Yes
Tank Installers of PA	Yes
The Executive Director of USTIF	Yes
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	Don't Know
Public Member [Alternate]	Yes
Department of Environmental Protection, Ex-Officio Member [Alternate]	Yes
PA Insurance Department, Ex-Officio Member [Alternate]	Yes

Please explain.

Associated Petroleum Industries of PA	No Response
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	I believe it will be beneficial to the fund
Public Member	Yes
PA Petroleum Association	Some gallons were getting lost this should help
PA Farm Bureau, PA State Grange, PA Farmers Union	No Response



Tank Installers of PA	Yes
The Executive Director of USTIF	<i>Although the system is still in its infancy, we have already realized savings through reductions in printing and financial services costs.</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	No Response
Public Member [Alternate]	No Response
Department of Environmental Protection, Ex-Officio Member [Alternate]	No Response
PA Insurance Department, Ex-Officio Member [Alternate]	<i>Definitely. It is a very good system and will ultimately save money for the Fund.</i>

b. Do you believe it will be well received by the fund participants?

Associated Petroleum Industries of PA	<i>Don't Know</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	No
Public Member	<i>Don't Know</i>
PA Petroleum Association	<i>Don't Know</i>
PA Farm Bureau, PA State Grange, PA Farmers Union	<i>Don't Know</i>
Tank Installers of PA	<i>Don't Know</i>
The Executive Director of USTIF	<i>Don't Know</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	<i>Don't Know</i>
Public Member [Alternate]	Yes
Department of Environmental Protection, Ex-Officio Member [Alternate]	Yes
PA Insurance Department, Ex-Officio Member [Alternate]	Yes

Please explain.

Associated Petroleum Industries of PA	No Response
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	No Response
Public Member	Yes
PA Petroleum Association	No Response
PA Farm Bureau, PA State Grange, PA Farmers Union	No Response



Tank Installers of PA	Yes
The Executive Director of USTIF	<i>It is too early to tell at this time what the general attitude of the participants. We have made the payment process much easier and we have allowed real time access to participant's payment, tank, and account histories.</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	No Response
Public Member [Alternate]	No Response
Department of Environmental Protection, Ex-Officio Member [Alternate]	No Response
PA Insurance Department, Ex-Officio Member [Alternate]	<i>Yes. They have received numerous letters and email blasts and website information concerning the new system. They should be well prepared for the transition.</i>

- c. Do you foresee any challenges with the adoption and integration of the new Fee Billing System?

Associated Petroleum Industries of PA	Don't Know
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	Yes
Public Member	Don't Know
PA Petroleum Association	No
PA Farm Bureau, PA State Grange, PA Farmers Union	No
Tank Installers of PA	Yes
The Executive Director of USTIF	Yes
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	Don't Know
Public Member [Alternate]	Don't Know
Department of Environmental Protection, Ex-Officio Member [Alternate]	No
PA Insurance Department, Ex-Officio Member [Alternate]	Yes

Please explain.

Associated Petroleum Industries of PA	No Response
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Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc.	<i>I think the smaller distributors will face added costs in updating their systems and added man hours.</i>
Public Member	<i>Yes</i>
PA Petroleum Association	<i>No Response</i>
PA Farm Bureau, PA State Grange, PA Farmers Union	<i>No Response</i>
Tank Installers of PA	<i>Yes</i>
The Executive Director of USTIF	<i>Some participants are reluctant to change workflows that have been in place for 23 years. We have seen that many of them are unaware of or do not comply with current Regulations. Educating this group and folding them into the correct processes will be somewhat of a challenge.</i>
Alliance of Automotive Service Providers of PA and the Petroleum Retailers and Auto Repair Association, Inc. [Alternate]	<i>No Response</i>
Public Member [Alternate]	<i>No Response</i>
Department of Environmental Protection, Ex-Officio Member [Alternate]	<i>No Response</i>
PA Insurance Department, Ex-Officio Member [Alternate]	<i>The challenges have to do with getting all stakeholders signed up and able to use the system. Change can be difficult, but the Fund will get there. The system is very good.</i>

## Fund Participants & Claimants

Aon was provided with a list of entities who participate in the Fund. We sent the survey to 874 participants and received 211 responses. The next few pages detail the results of the survey.



1. How many tanks do you currently own/operate? (1-3, 4-6, 7-11, 12-21, 22-49, 50-1000)

# of Tanks	Count	%
1-3	130	61.6%
4-6	45	21.3%
7-11	11	5.2%
12-21	7	3.3%
22-49	7	3.3%
50-1000	11	5.2%
Total	211	100.0%

2. How many locations do you currently own/operate?

# of Locations	Count	%
0-1	149	70.6%
2-3	30	14.2%
4-10	14	6.6%
11-20	7	3.3%
21-50	3	1.4%
51-100	2	0.9%
100+	5	2.4%
blank	1	0.5%
Total	211	100.0%

3. How well do you feel you understand EPA regulations addressing the cleanup of underground storage tank leaks and the requirement to demonstrate financial responsibility? (1=Expert Understanding, 5=No Understanding)

Response:	1	2	3	4	5	Blank	Total
Count	43	68	53	22	9	16	211
%	20.4%	32.2%	25.1%	10.4%	4.3%	7.6%	100.0%

4. How satisfied are you that the fees paid to USTIF are reasonable for the coverage received? (1=Very Satisfied, 5=Very Dissatisfied)

Response:	1	2	3	4	5	Blank	Total
Count	42	90	52	4	5	18	211
%	19.9%	42.7%	24.6%	1.9%	2.4%	8.5%	100.0%



a. If not, please explain.

Response	Comment
Neither Satisfied / Dissatisfied	Not familiar with the amount of fees.
Neither Satisfied / Dissatisfied	It's difficult to be completely satisfied with basically an insurance policy to pays out the same amount of money weather you get 4 or 14 loads of gas a month. Maybe a \$ premium monthly cap should be put on to make it more fair.
Neither Satisfied / Dissatisfied	I am not sure what the fees cover and the coverage limits.
Dissatisfied	Do not understand why USTIF needs such a large \$ nest egg of reserves. The number of claims has been reduced in recent years
Dissatisfied	can't understand why diesel fuel tank (ustif) are a set fee for tank sizes, than by gallons used. ex( gasoline ) in price of fuel
Very Dissatisfied	This organization is a facade. They take the money, the state spends it on other programs, when you need it for clean up you jump through hoops to try and get reimbursed. How is it that we pay USTIF, when a release is found USTIF pushes it off to a third party (ICF) who the pushes it off to a forth party Excalibur who gets paid by dragging out the process as long as they can. The funds being paid for the insurance is a requirement by regulation to take care of cleanups. Why are the dollars being paid going to third and fourth parties who don't have a dog in the fight, they just want the money and it shows. I can give numerous examples of delay tactics that they (3rd-4th parties) use. Horrible. USTIF is paid by the state and they pawn it off to have it pawned off again and we pay for it in more ways than one. Criminal!!!!
Very Dissatisfied	In the past money has been pilfered to state general fund, consultants have robbed and milked the fund which has led to todays operation which is designed to simply disallow claims by utilizing technicalities, extrusion and theats.

5. In 2015, USTIF created a dedicated website, [ustif.pa.gov](http://ustif.pa.gov). In May, participants began creating accounts for the Fee Billing System (FBS) on the website. How easy was it to create an account? (1=Very Satisfied, 5=Very Dissatisfied)

Response:	1	2	3	4	5	Blank	Total
Count	41	41	82	16	9	22	211
%	19.4%	19.4%	38.9%	7.6%	4.3%	10.4%	100.0%

6. From your perspective, has the new Fee Billing System been an improvement over the old system? (Yes, No)

Response:	Yes	No	Blank	Total
Count	115	66	30	211
%	54.5%	31.3%	14.2%	100.0%

a. Please explain.



Response	Comment
No	Have not used system...
No	Did not open an account
No	I am not sure we created an account under this new system.
No	I receive an invoice for the yearly billing so I am not impacted greatly by the billing system.
No	Actually, it is a nightmare
No	More time is required.
No	it was easy to pay by mail
No	You just got the owners/ operators to do your work ...very dissatisfied with all the reporting to be done in this industry ....your agency just added another report. Very difficult to run a business. Would never start another business in this state.
No	the previous system was working very well for me. i do understand the need to update and save on unnecessary expenses. the problem is that when i log in, it's telling me that my balance due is zero, but i think i've only made one payment since july. im confused!
No	????
No	We only pay an annual fee. Unable to set up a payment account. Contacted the help desk and the assumption was because there was not a current payment due but it was unclear.
No	Too cumbersome.
No	Work for municipality we use p.o. To many people have to be involved to make it work
No	Did not enroll or use site yet.
No	STILL HAVE NOT GOTTEN BILL AFTER SETTING UP ACCOUNT
No	Not aware of this new system
No	No change for me.
No	Haven't used it yet
No	Did not set up an account yet
No	prefer to send check, not everyone has ability to pay on-line
No	Increased record keeping time
No	Haven't used it yet.
No	N/A - I have not used it.
No	Not applicable at the present time.
No	I havent seen this new system
No	didn't notice any difference
No	Last invoice was received via USPS ... Have not utilized on-line system
No	I am not familiar with the old system.
No	First I've heard about it
No	don't know yet
No	still haven't been able to use the system without assistance
No	Easier for us to receive a bill and write a check
No	I can't set up an account
No	We have not seen any difference yet, however all the information and data that was entered into the FBS was time consuming and tedious. We do understand why USTIF would want this information though. We hope this will eliminate the need for claimants to show proof of payment in the event of a claim application.
Yes	n/a
Yes	works well
Yes	much faster
Yes	easy online use
Yes	It will be when they get the bugs worked out. Like everything the State mandates a release whether it's ready or not.
Yes	its nice
Yes	N/A would be more appropriate since I never operated under the old system.
Yes	Easy to navigate and operate



Yes	We have not received our first bill yet so I cannot comment on this.
Yes	Not sure, we have not yet created an account
Yes	Matter of convenience
Yes	I would assume it would be more efficient and save postage, but I have not used the system yet other than to register
Yes	Have not used it as of this date.
Yes	less chance for errors on your part. No more missed bills or outdated statements
Yes	I am not sure we use the new fee billing system. I'm having the office check.

## 7. Do you find USTIF responsive to your inquiries? (Yes, No)

Response:	Yes	No	Blank	Total
Count	139	38	34	211
%	65.9%	18.0%	16.1%	100.0%

## a. If yes, is there anyone in particular who was responsive? Please enter name(s).

<u>Comment</u>
Betsy
n/a
Samuel rees sr
didn't have a need to contact anyone
I hope to have found a good soul at USTIF that can help with the situation were in right now.
I like the new system
we'll see....
The help desk -Pragyna Singireddy (website support)
never use
no one in particular
Most of the time.
No need/inquiries.
Andrew sepos
Amy Steiner and Lisa Fry have been very helpful to The Borough of Ridgway. We recently registered two previously unregistered underground storage tanks and they have been a great help in leading us through this process. One thing that I would like to note is that I think it would be helpful for USTIF to add a section to their website addressing previously unregistered storage tanks.
Kevin bear
Never used their services.
responsive, yes just feel they need to press outside companies harder for justifying how they are spending the monies they are paid it should not take 5+ years to remediate a problem
Never had any contact except for fee payment
no experience.
richard burgan
Guy W. Curran I Water Quality Specialist Environmental Cleanup & Brownfield Development I Storage Tank Section PA DEP
Since 2001, it has been a pleasure to talk with and set up new claims with all USTIF personnel. This question pertains to USTIF, not ICF, correct?

## b. If no, is there anyone in particular who was not responsive? Please enter name(s).



Comment
we have made no inquiries
I have never reached out to them
I haven't made any inquiries so I am unable to give a proper answer.
I have not made any inquiries
Have never made an inquiry.
NA
I didn't contact anyone at USTIF.
I not understand
Do not recall requesting any responses
HAVE NOT TRIED TO CONTACT YOU
Again, this is all new to me, so N/A
We have no contact information for any reps from USTIF that I am aware of, and we have had no need to contact USTIF
Not Applicable
Have had no inquiries
should be n/a - no inquires
N/A I have not made specific inquiries
We have not made inquiries
We are on our own. zero help
N/A

8. How would you prefer to interact with USTIF? (Emails, Phone calls, US Mail)

Response:	Emails	Phone Calls	US Mail	Blank	Total
Count	114	26	35	36	211
%	54.0%	12.3%	16.6%	17.1%	100.0%

9. Would you prefer an alternative method of demonstrating financial responsibility for covering the cleanup of underground storage tank leaks and the payment of related third party liability claims? (Yes, No)

Response:	Yes	No	Blank	Total
Count	25	148	38	211
%	11.8%	70.1%	18.0%	100.0%

a. If so, what would you prefer and why?

Comment
Bonds
Have a set format up front for the public to work with. Understand that until the project is complete (reclamation) there is no way to put a number on what the costs will be up front (Excalibur) ridiculous!!!! To have a set of guidelines that change depending on who is asking for it causes claims to be dragged out for years. Taking photos of the company's logo on the side of equipment that was used as a last ditch effort to stall payment, really?
WHAT IS THE CURRENT METHOD OF DEMONSTRATION
Since the fees are collected by USTIF, would it be possible for USTIF to confirm payment of fees? Aren't records of payment for the owner part of the new system? actually need a don't know response for this
Call me
Private insurance
Premises Pollution Liability Insurance



10. Have you ever filed an USTIF claim?

Response:	Yes	No	Blank	Total
Count	33	139	39	211
%	15.6%	65.9%	18.5%	100.0%

- a. How satisfied were you with the process, including timeliness of claims handling process, cleanup and payment of third party liability claims. (1=Very Satisfied, 5=Very Dissatisfied)

Response:	1	2	3	4	5	Blank	Total
Count	6	12	7	2	4	2	33
%	18.2%	36.4%	21.2%	6.1%	12.1%	6.1%	100.0%

- b. How satisfied were you with any cleanup work performed? (1=Very Satisfied, 5=Very Dissatisfied)

Response:	1	2	3	4	5	Blank	Total
Count	7	13	8	0	3	2	33
%	21.2%	39.4%	24.2%	0.0%	9.1%	6.1%	100.0%

- c. Do you feel it was completed in a timely manner? (1=Very Satisfied, 5=Very Dissatisfied)

Response:	1	2	3	4	5	Blank	Total
Count	5	15	7	1	3	2	33
%	15.2%	45.5%	21.2%	3.0%	9.1%	6.1%	100.0%

- d. What did you like most about the process?

Response	Comment
Very Satisfied	the cooperation of everyone involved
Very Satisfied	Ok
Very Satisfied	I think PA - USTIF - ICF does a very good job. Without it, I would consider selling our locations as there is too much risk. Holding site owners to good accounting records and testing is an excellent tool for compliance. I think in general the process is very good.
Very Dissatisfied	what is there to like when the process started 5+ years ago and is still not settled, what is to like when no one listens to your concerns as to proof that the problem is in your facility
Very Dissatisfied	Nothing.
Very Dissatisfied	Nothin, it was a fight with ustif all the way
Satisfied	That the program is in place and we get assistance with managing environmental issues.
Satisfied	I had coverage to offset the costs.
Satisfied	being kept informed during the process
Neither Satisfied / Dissatisfied	I dont have a specific "like" regarding the process; however, I believe all UST owners in Pennsylvania should recognize that we have one of the best and healthiest insurance programs in the US.
Neither Satisfied / Dissatisfied	USTIF informs all the steps that need to be taken. Makes sure you understand what is going on.



e. What did you like least about the process?

Response	Comment
Very Satisfied	The anxiety of the coverage
Very Satisfied	wasn't really called for
Very Satisfied	I believe there are sometime issues and inconsistency between what USTIF - ICF wants and the PA DEP
Satisfied	deductible
Satisfied	Inconsistency with some of the different administrators.
Satisfied	the five thousand dollar deductible.
Neither Satisfied / Dissatisfied	USTIF's consultant and their 3rd party reviewers. You almost feel grateful if you are granted a claim, I am not saying it should be an automatic approval, but we have the fund, we pay into it, we should be able to use it if corrective actions are necessary. Corrective actions are now sometimes driven by ICF and not the PADEP. I dont think it should go back to the way it was in the 90's when claim approvals were given out like parade candy, but they have taken it too far now.
Neither Satisfied / Dissatisfied	my 2014 claim wasn't approved, which i guess i understood why.
Neither Satisfied / Dissatisfied	too long to get things done
Neither Satisfied / Dissatisfied	Claims adjuster slow to respond
Dissatisfied	The process, at times seems to be in conflict with the requirement of the PADEP.
Dissatisfied	partial payment
Very Dissatisfied	3rd party keeps sending bills but is not pressed to come up with a solution to problem, 3rd party openly said they will run project out till there is no funds remaining and then will just leave
Very Dissatisfied	Bureaucratic, Third party admin, strong arm negotiation tactics, failure to acknowledge scientific basis in determining claims, failure to recognize decades of sterling compliance findings as basis in determining claims.
Very Dissatisfied	see above

f. In what ways might USTIF improve the process?

Response	Comment
Very Satisfied	don't know
Very Satisfied	nothing
Satisfied	Be more lenient with coverage. We were denied coverage because a \$200 payment had been received late from the former owner of a location.
Neither Satisfied / Dissatisfied	Start at the beginning, establish a new or at least refreshed Claim approval process with ICF. Then send out a very simple and clear letter to all tank owners what they will need in the event they have a release. I believe it would be truthful to say most UST owners do not know what records they will need to support a claim application. Yes it is their responsibility to know, but they don't. The next step would be to streamline the site characterization and remediation process, maybe have the environmental consultants take a PADEP/USTIF certification training course to get everyone on the same page.
Neither Satisfied / Dissatisfied	Eliminate or change the time frame of 60 day notice
Dissatisfied	Better understanding of the timelines imposed by the PADEP regulations so that claim payments are more closely aligned with actual work timelines.
Dissatisfied	pay the full amount instead of partial ! with the millions of dollars in the fund ( i understand the state is going to steal another 100 million ) there is no reason for partial payments !
Very Dissatisfied	Complete change in mission and management.
Very Dissatisfied	Stop looking for ways to not pay a claim and pay the claims
Very Dissatisfied	need to get more involved, need to communicate with insured party more often, need to monitore third parties more closely, need to hold payment to third party if no decisions or problem solving is being completed



11. How valuable do you feel the service USTIF provides to the public is? (1=Very Valuable, 5=Not At All Valuable)

Response:	1	2	3	4	5	Blank	Total
Count	54	80	33	1	1	42	211
%	25.6%	37.9%	15.6%	0.5%	0.5%	19.9%	100.0%

a. Please explain.

Response	Comment
Very Valuable	protects our enviroment
Very Valuable	I give me some secured that if there was a leak it will be handled.
Very Valuable	Again, without this fund small independent gas station operators would most likely close or sell as environmental insurance would be cost prohibitive. Also, the PA banking community tends to understand USTIF and makes banking and financing possible because of the coverage.
Very Valuable	Placing this responsibility with the government and funding through affordable premiums is a win for the environment
Very Valuable	We've acquired property that has been through the program and it seems very useful in getting spills cleaned up properly by ownership so the community does not have further damage or concern related to environmental quality.
Very Valuable	Please look at a state that doesn't have an UST cleanup fund to explain my selection.
Valuable	Most other state enviro clean up programs have failed. PA is fortunate to still have a clean up program intact. When will PA general fund pay back the monies borrowed from USTIF years ago?
Valuable	prevent soil contamination
Valuable	I do not have any personal experience with the actual service of USTIF though I can see how it would be a great help to the public.
Valuable	From a resident point of view-it is reassuring to know USTIF is providing assistance and help.
Valuable	someone needs to monitor the underground problems, public is not aware of what is going on in their area but just because a bulk plant is in the area does not always mean the leak is from their equipment
Valuable	keeps pressure on people to prevent spills.
Valuable	I'm sure in many cases protection of groundwater recourses has been achieved despite USTIF inefficiencies.
Neither Valuable / Worthless	I don't really know how it is valuable to the public except aiding in the cleanup so the area is clean and healthy for the public
Neither Valuable / Worthless	no experience
Very Worthless	DEP controls with civil remedies, and USTIF looks for ways to deny claims, so what is the point other than to raise money. USTIF fund balance is proof that they overcharge and under pay



## Appendix C – Programs

Section 704 of the Storage Tank and Spill Prevention Act, Act 32 of 1989, 35 P. S. §§6021.101 *et seq.*, as amended, (“Act”) created the Underground Storage Tank Indemnification Fund.

### Underground Storage Tank Indemnification Fund

Section 704 of the Storage Tank and Spill Prevention Act, Act 32 of 1989, 35 P. S. §§6021.101 *et seq.*, as amended, (“Act”) created the Underground Storage Tank Indemnification Fund to assist owners and operators in meeting the financial responsibility requirement. USTIF derives its funding from fees, both on a per installed tank basis as well as on a throughput basis, recovered costs, and interest income earned on invested assets.

The Fund makes claim payments to eligible UST owners or operators for damages caused by a release from their UST. To be eligible, the release must have occurred on or after February 1, 1994. In addition, there are other statutory eligibility requirements. The USTIF indemnifies tank owners for third party liability that may occur when the release from a tank has injured another person or that person's property.

The USTIF covers reasonable and necessary costs for corrective actions to clean up contamination from leaking tank(s). It also covers claims for bodily injury and property damage that occur as a result of the release. The cost covered by the USTIF includes identifying the extent, nature and impact of the release and develops a remedial action plan for restoring the site. The USTIF will not cover any upgrade costs for the facility or any repair and maintenance work performed on the USTs, including tank removal.

Claim payments to eligible owners or operators shall be limited to the actual costs of corrective action and third party liability. Payments shall not exceed an annual aggregate of \$1.5 million for each owner and operator. The per occurrence limit is set at \$1.5 million. Claims are subject to a deductible of \$5,000 per tank.

The USTIF has the option to defend third party lawsuits. The cost of this defense does not affect the third party liability limits provided. The USTIF may defend the tank owner until the coverage limit is exhausted.

### Tank Installers’ Indemnification Program

Provisions in Act 13 made it mandatory for all certified tank installers to participate in the Underground Storage Tank Indemnification Fund. This was passed into law on February 1, 1998 and the regulations became effective January 1, 2002.

The Tank Installers’ Indemnification Program (“TIIP”) will give certified tank installers the same liability coverage as the tank owners. TIIP will indemnify certified companies/installers against any claims made as a result of alleged negligent work done on an underground storage tank up to \$1,500,000.

Claim settlements will be made on behalf of eligible certified tank installers, subject to a \$5,000 deductible. Claims will be processed in the same manner as in the Underground Storage Tank Indemnification Fund.



## Department of Environmental Protection Allocations

### a. Environmental Cleanup

Section 710 of the Act authorizes the Board to establish the Underground Storage Tank Environmental Cleanup Program for the purpose of ensuring corrective action is taken at underground storage tank facilities. The Board may allocate up to \$5,500,000 annually from the Underground Storage Tank Indemnification Fund for the Underground Storage Tank Environmental Cleanup Program as long as the allocation does not impede the fund's ability to pay claims. Certain sub-limits totaling up to \$2,500,000 are placed on how these funds may be spent. None of this allocation may be used to reimburse the DEP for administrative costs.

### b. Catastrophic Release

A catastrophic release is one that imposes a threat to public health and safety and the environment where the department determines that the costs of the corrective action may exceed two times the limits established under section 704.

Section 710 of the Act also authorizes the Board to establish the Underground Storage Tank Environmental Cleanup Program and allocate up to \$5,500,000 annually from the Underground Storage Tank Indemnification Fund to be used by the Department of Environmental Protection for corrective action caused by a catastrophic release providing the allocation does not impede the fund's actuarial soundness and ability to pay claims. None of this allocation may be used to reimburse the DEP for administrative costs.

### c. Pollution Prevention

Section 711 of the Act authorizes the Board to establish an Underground Storage Tank Pollution Prevention Program for the purpose of reimbursing eligible UST owners for the costs of removing regulated substances from sites and sealing the fill pipes of underground storage tanks which have not been upgraded to comply with the technical requirements of Federal and State regulations.

The Board may allocate up to \$1,000,000 annually from the Underground Storage Tank Indemnification Fund for the Underground Storage Tank Pollution Prevention Program as long as the allocation does not impede the actuarial soundness of the fund's ability to pay claims. Owners of six or fewer tanks are eligible. None of this allocation may be used to reimburse the DEP for administrative costs.

### d. Investigation and Closure Costs

Section 713 of the Act authorizes the Board to reimburse the DEP up to \$3.0 million annually for its costs related to investigating, determining responsibility, overseeing remediation and third party response and closing out cases of spills and leaks related to storage tanks beginning in fiscal year 2007/2008.



## Upgrade Loan Program

The Upgrade Loan Program assisted owners of regulated underground storage tanks to upgrade or remove their underground storage tank systems to meet EPA upgrade requirements. The program was implemented through Act 13 of 1998. This low interest loan was funded by the Underground Storage Tank Indemnification Fund and administered by the Department of Community and Economic Development (DCED).

Section 712 of the Act authorized the Board to establish a loan program for owners of regulated underground storage tanks as a method of investing fund moneys, provided that such a program did not interfere with the actuarial soundness of the fund. Aggregate outstanding loan balances could not exceed 20% of the fund balance, defined as the ending cash balance in any given fiscal year less any liability for claims incurred but not yet paid. Loans could not be made when the fund balance fell below \$50,000,000. Loans could not be made if such loans impeded the Board's ability to pay claims.

In 2012, USTIF and the DCED terminated the memo of understanding that arranged for DCED to provide administrative assistance to the loan program. In mid-2015, the balance of the delinquent loans, approximately \$614,000, was formally written off.

## Voluntary Heating Oil Tank Program

A Voluntary Heating Oil Tank Program has been offered by the Fund since 1995 to owners or operators of heating oil tanks with a capacity of 3,000 gallons or greater used for storing heating oil products for use on the premises. This program indemnifies owners or operators for any releases from their tanks.

The USTIF covers claims for corrective actions to clean up contamination from leaking tank(s). It also covers claims for bodily injury and property damage that occur as a result of the release. The cost covered by the USTIF includes identifying the extent, nature and impact of the release and developing a remedial action plan for restoring the site. The USTIF will not cover any upgrade costs for the facility or any repair and maintenance work performed on the USTs.

The USTIF coverage limits are \$1.5 million limit per tank per occurrence and \$1.5 million annual aggregate limit. Also, there is a \$5,000 corrective action deductible per tank and \$5,000 third party liability deductible.

The USTIF covers only underground heating oil tanks that chose to "opt in" or applied for coverage and were accepted into the USTIF.

## Pay for Performance Program

The "Pay for Performance" (PFP) concept is not a new contracting philosophy. In fact, contracting officials in the private and public sector have been using PFP type contracts better known as "Fixed Fee" contracts for many years. However, the application of "Fixed Fee" or "Pay for Performance" contracts dealing with underground storage tank (UST) cleanups is new in Pennsylvania.

UST cleanups in Pennsylvania are typically paid by using "time-and-materials" agreements that can result in high cleanup costs, slow cleanup progress, and failure to reach cleanup goals. According to the Environmental Protection Agency, PFP cleanups reward contractors for quickly and efficiently reaching cleanup goals. PFP also produces faster cleanups that protect the public health and the environment.



They enable the technical staff (DEP and USTIF) to focus attention on environmental results instead of on auditing contractors' activities and costs. PFP cleanups minimize paperwork and administrative costs and delays. PFP cleanup contractors profit from producing cleanups at a lower cost, because they get to realize the difference between their cost and the fixed price of the PFP cleanup.

There are many states that have implemented PFP programs for UST sites and more are interested. Early results appear to substantiate that PFP produces faster and lower cost cleanups. Additionally, staff time is now concentrated on managing environmental risk and not on managing contractor performance and invoice review.



## List of Reference Documents

The following documents were relied upon in carrying out the USTIF Performance Review 2012:

1. 2012 USTIF Performance Review dated December 5, 2012.
2. Aon's Actuarial Analysis of USTIF's Liabilities as of June 30, 2016.
3. USTIF Annual Reports: 2012-2016.
4. USTIF Financial Statement as of June 30, 2016.
5. A Memorandum of Understanding between the Office of the Budget and the Insurance Department was issued in 2014 that outlines the loan repayment plan for the General Fund loan.
6. Report on Internal Controls: Revenue and Collections Process. Prepared by Sharp Executive Associates, Inc. and dated August 20, 2010.
7. EPA Study on the Effectiveness of UST Insurance as a Financial Responsibility (FR) Mechanism, December 2011.

In addition to the above documents, we have incorporated information gained from discussions with USTIF management.