

2019

Annual Report

PENNSYLVANIA

Underground Storage Tank Indemnification Fund





Message from Executive Director Richard J. Burgan

March 2020

In conjunction with the members of the Board and the USTIF staff, I am pleased to provide this "Annual Report on Activity of the Underground Storage Tank Indemnification Fund" that provides information on the Underground Storage Tank Indemnification Fund (USTIF) from program inception through December 31, 2019. For a quarter of a century, the USTIF has made significant progress in providing first and third-party liability coverage for eligible tank owners/operators and tank installers. The USTIF has now committed more than \$1.1 billion to assist with remediation expenses related to 4,750 site cleanups since early 1994.

On February 1, 2019, the USTIF marked its 25th year of operations. As part of our "silver anniversary", the USTIF and ICF team collaborated to create a new, reader friendly version of our Annual Report. We revised the look of some graphics, added additional photos, and several new topics. For this year's version, we added special "call out" boxes to highlight some program accomplishments over the past 25 years. In addition, we included a historical timeline with some program milestones since its inception.

During 2019 there were 215 newly reported claims compared to 189 in 2018. In 2017 there were 179 reported claims. The Tank Installer Indemnification Program (TIIP) did not receive any new claims in 2019 or the prior year. The program received 1 new claim in 2017. The total number of open UST and TIIP claims at year-end was reduced from 963 to 954 claims.

Total payments for open UST claims made during 2019 were \$30,177,554 as compared to \$30,112,367 in 2018, and \$33,287,724 in 2017. The total aggregate payment from claim inception for underground storage tank claims to closure for the 167 sites that closed in 2019 was \$46,667,992. In comparison, 172 sites closed in 2018 that resulted in total payments of \$50,545,453. Total payments for TIIP claims made during 2019 remained at zero and is unchanged from 2018. The claim eligibility rate continues to remain at a relatively high percentage rate with claim payments being made on 84% of all claims reported since the USTIF's inception.

The annual actuarial study, prepared in 2019 by Aon Global Risk Consulting, concluded that the USTIF's assets exceeded its liabilities by \$28 million as of June 30, 2019. However, due to an accounting method change involving the outstanding balance owed on the loan taken by the General Fund many years ago, as of December 31, 2019, the USTIF had an unfunded liability of \$41 million.

The USTIF fee revenue for 2019 totaled \$60,500,212. This amount represents a 3.86% increase over the prior year's revenue in the amount of \$58,251,433. In 2017, \$59,753,242 was collected.

During 2019, the USTIF allocated \$13,500,000 to the Department of Environmental Protection (DEP) for grants in pollution protection, environmental and catastrophic cleanups, and site investigation, closure and compliance costs.

Along with myself, the members of the Board and the USTIF staff, we are pleased to provide this report and look forward to assisting you with your future needs. Please feel free to call or e-mail us with any ideas or improvements with respect to the USTIF.

Sincerely,

Richard J. Burgan, Executive Director



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USTIF Background

The release of regulated substances stored in underground storage tanks (USTs) 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 an UST system 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 financial responsibility requirements in the event of a release from a tank system.

The Storage Tank and Spill Prevention Act, Act 32 of 1989, 35 P.S. §§ 6021.101 et seq., as amended, created the Underground Storage Tank Indemnification Fund (USTIF) to assist owners and operators in meeting the financial responsibility requirement. The USTIF 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. Third party liability 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 reasonable and necessary corrective action and third-party liability. The per occurrence limit is set at \$1.5 million. Claims are subject to a deductible of \$5,000 per tank per occurrence.

The Tank Installers' Indemnification Program (TIIP) provides liability coverage for tank handling activities subject to a \$5,000 deductible and \$1.5 million limit per occurrence.

The USTIF receives policy guidance from a fourteen-member board, that is extremely knowledgeable on insurance and storage tank issues. The Pennsylvania Insurance Department administers the USTIF.

The USTIF can be reached at 1-800-595-9887 (PA only) or 717-787-0763, via e-mail at ra-ustif@pa.gov, or visit our web site at ustif.pa.gov.

25 ANNIVERSARY HIGHLIGHTS

- USTIF inception February 1, 1994.
- Deductible decreases from \$10,000 to \$5,000.
- Claim coverage increases from \$1 million to \$1.5 million.
- Fees remain stable for the past 15 years.
- Board holds 132 meetings.
- USTIF offers Voluntary Heating Oil 'Opt-In' Program.
- USTIF adopts the Tank Installer Indemnification Fund Program.
- EPA consistently approves USTIF Operations through Annual Soundness Surveys.
- USTIF Performance Reviews are steadily positive.

Mission Statement

The mission of the Underground Storage Tank Indemnification Fund (USTIF) is to provide for a cleaner Commonwealth by administering a fiscally responsible program to reimburse eligible participants for reasonable and necessary expenses incurred from releases into the environment.

USTIF & DEP

The working relationship between the Underground Storage Tank Indemnification Fund (USTIF) and the Department of Environmental Protection (DEP) began shortly after the passage of the Storage Tank and Spill Prevention Act (Act 32 of 1989) that was in response to federal mandates that each state in the nation as well as the various Indian tribal territories establish a method to provide financial responsibility to underground storage tank (UST) owners in the event of a release of petroleum substances to the environment.

The first meeting of the USTIF Board took place on December 19, 1989 and laid the groundwork for the partnership between the two agencies that still exists today with the common goal of working together to efficiently address the remediation of fuel releases from UST's in a timely and cost-effective manner. The Board was established by Statute and consists of representatives from the Insurance Department, the DEP, tank installation firms, as well as various members of industry groups associated with the delivery and sales of petroleum substances in the Commonwealth. The Board provides policy guidance to the USTIF, establishes the fee structures for the program, and approves annual monetary allocations to the DEP that support a variety of programs.

The DEP is an environmental regulatory agency with numerous divisions including the Bureau of Environmental Cleanup & Brownfields, to which the USTIF is closely aligned. The tasks performed by this Bureau include the invoicing and fee collection for registration of all regulated USTs; responsibility for compliance and enforcement actions at commercial fueling facilities; and the regulatory oversight of the numerous USTIF claim sites located across the Commonwealth.

The USTIF provides the financial mechanism for the funding needed for payment of claim site remediation activities as well as any third-party claims that may arise related to site contamination. The program has a dedicated fee billing and collections unit that invoices for the collection of tank capacity fees and monitors the reporting and remittance of gallon fees from the many fuel distributors operating in the Commonwealth. This unit also oversees the invoicing and collection of the Tank Installer Indemnification Program (TIIP) fees. The

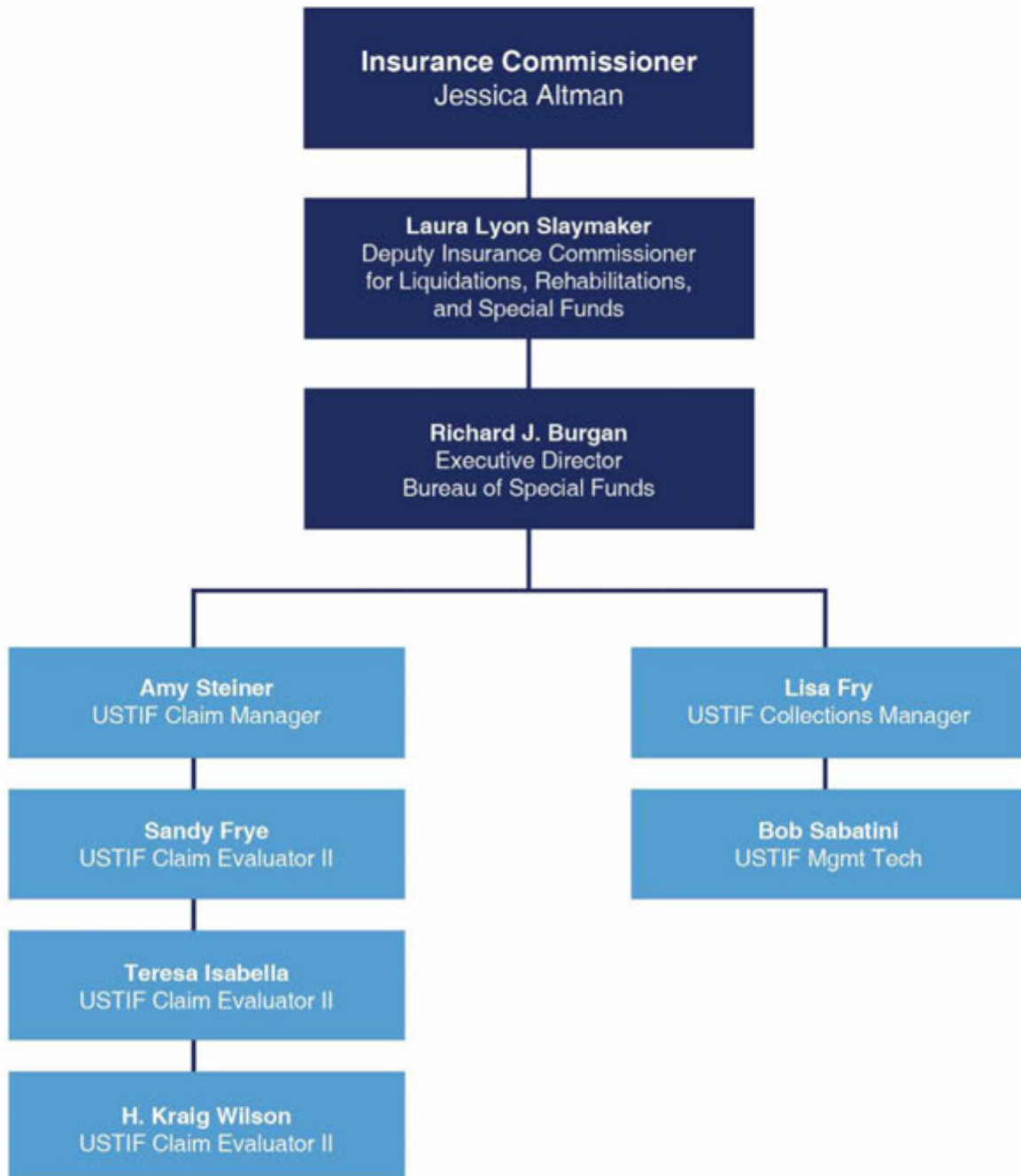
DEP supplies tank ownership and registration data on a weekly basis that is used to populate USTIF's fee billing system for the invoicing processes. In addition to the collection of program fees, the USTIF is also responsible for claims processing and oversight. This involves working closely with a third party administrator (TPA) as well as independent remediation consulting firms and hydrogeology experts retained by the TPA. The USTIF claims staff works closely with legal counsel. They monitor and participate in the competitive bidding process utilized to obtain the most effective cost structure for site remediation. As part of the partnership, DEP compliance personnel have access to the Fee Billing System in order to assist with confirming financial responsibility for facility owners to ensure required fees are remitted accordingly.

Employee Experience

The USTIF program is within the Pennsylvania Insurance Department's Bureau of Special Funds. It is overseen internally by the Executive Director and essentially conducts business similar to that of a small insurance company. The program is mandatory for all owners of registered underground storage tanks.

The USTIF team consists of a small, experienced staff of claims personnel as well as several individuals who oversee the fee invoicing and revenue collection processes. Amongst the direct staff members, there are nearly 65 years of combined service in oversight and handling of the program's various activities. Internal support is also provided by a Bureau accountant, in-house legal counsel, and several IT staff. Primarily, the internal claims staff and claims manager oversee the nearly 1,000 active claim sites, handle the intake of all newly reported claims, and work in conjunction with the TPA claims vendor to investigate and coordinate eligibility investigations as well as program policy and procedural matters. The claims staff also supervise and assist counsel with matters that involve first party and third-party litigation.

CHART 1: Organizational Chart



USTIF Timeline

1994-1998

- USTIF Inception-February 1, 1994, Collaborated with TPA to create a customized USTIF specific Claims Tracking System (CTS); enhanced system over time, such as adding compilation of annual report data.
- Deductible; deductible decreased from \$10,000 to \$5,000 per tank per occurrence.
- Heating Oil Tanks; DEP deregulated commercial heating oil tanks; USTIF offered "opt in" coverage to tank owners.
- Upgrade Loan Program; provided loan audits & retained certified tank installer to assist in evaluating estimated upgrade costs.
- Tank Fee; eliminated \$100 annual tank fee.

1999-2003

- USEPA Upgrade Deadline; as a result of surging claim volume, added licensed geologist, highly experienced insurance claim representatives, & subcontractors as expert third party reviewers to TPA staff.
- Tank Installer Indemnification Program (TIIP); USTIF launched TIIP program.
- Indemnity; claims payments exceed \$100,000,000.
- Claim Coverage; increased from \$1 million to \$1.5 million in December 2001.
- Eligibility Requirement; 60-Day Claim reporting deadline and cooperation requirements added to eligibility requirements; USTIF collaborated with TPA in eligibility investigations of more than 160 new claims reported as a result of this regulation.
- Competitive Bidding Program Launched, identified hundreds of claims for competitive bidding.

2004-2008

- Aged & Stalled Sites/Claims; collaborated with DEP to target older claims for closure and stalled clean up at sites; identified & evaluated candidate claim files.
- PA Council of Professional Geologists; collaborated with PCPG to increase participant awareness on DEP's revised short list and USTIF's work plan approach in the advent of competitive bidding.
- Uniform Environmental Covenant Act; analyzed & anticipated cost/impacts & revised guidelines for Post Remedial Care Plan tracking.
- DEP Revised the Short List groundwater cleanup standard under Act 2; Fund evaluated impact on clean-up costs.

2009-2013

- Claims Reported; claims exceeded 5,000 in 2009
- Paperless Document Management System; implemented & adopted paperless document management system; ImageRight.
- Contracts; request for bids, competitively bid pending and executed contracts posted on the USTIF web site.
- Participant Seminars; collaborated with DEP to conduct regional seminars for tank owners & consultants; attendees provided with an overview of claim process with focus on meeting eligibility requirements.
- Ineligible USTIF Sites; collaborated with DEP to use \$6 million of Federal stimulus to address ineligible USTIF sites.
- Invoice Reimbursement; collaborated with Comptroller & Treasury reducing time to issue paper checks from 30 to 15 days.

2014-2019

- DEP Presentation; DEP provided presentation for USTIF and TPA on Remediating Storage Tank Sites to Act 2; Site Specific Standards.
- Dedicated Website; USTIF implemented dedicated website providing participants access to account information and online claim reporting.
- Indemnity; claim payments exceed \$1 billion.
- Fee Billing Program; implemented web-based platform for reporting and paying fees to replace outdated legacy system SBACSS.
- Thru-Put Reporting; implemented process wherein distributors provide detailed report of deliveries & associated through put fees.
- USTIF Board; Board increased from 9 to 14 members.
- DEP Regulatory Changes to Chapter 245; claim reporting increased roughly 20%.

Executive Summary

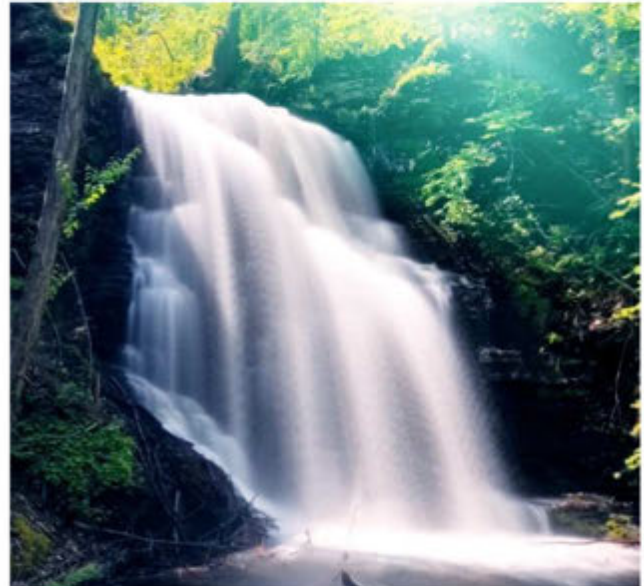
During 2019, the Underground Storage Tank Indemnification Fund (USTIF) continued to provide exceptional service to the regulated community, as well as the citizens of the Commonwealth. The USTIF paid out in excess of \$46,667,993 for remediation costs in 2019. These payments contributed to the closure of 229 owner/operator contaminated sites as well as costs for ongoing remediation at 793 open claim sites.

At the December 2019 meeting, the Underground Storage Tank Indemnification Board (Board) received a presentation of the annual actuarial study prepared by Aon Global Risk Consulting. The study concluded a surplus of \$27.99 million to the actuarial projections. Compared to 2018, there was an unfunded liability of \$19.6 million.

Under the Storage Tank Act, the Department of Environmental Protection may request allocations for the Pollution Prevention Program (Pump & Plug), Catastrophic Releases, Environmental Cleanup Program and Investigative and Closure Programs. Since inception, the USTIF has allocated in excess of \$129,570,000 to DEP for various grants, programs, and expenses.

Highlights of Accomplishments for 2019

- Completed Phase I of the Fee Billing System that has been available to the public since July 1, 2017.
- Collaborated with the Office of Attorney General in developing efficiencies for debt collection.
- Continued the use of fixed price contracts including competitive bidding and sole source remediation agreements. Competitive bidding resulted in awarding 12 contracts in 2019. At year's end, USTIF was funding remediation at 97 sites under some form of fixed price contract with a total value of \$28.66 million. Competitive bidding resulted in a savings of \$3.46 million. Sole source contracts resulted in awarding 4 contracts in 2019 with savings of \$145,736. Agreements were executed for sites in Chester, Clearfield, Delaware, Montgomery, Mifflin, Schuylkill, Susquehanna, and Venango counties.
- Continued the voluntary heating oil program covering 1,176 heating oil tanks.
- Collected \$362,127.18 during 2019 in certified company and activity fees through USTIF's Tank Installer Indemnification Program (TIIP). This program provides coverage to certified tank installers identical to the coverage USTIF provides to tank owners and operators.
- Due to functionality of the fee billing system, nearly 80% of tank owners paid their 2020 fees before 12/31/2019.
- As part of USTIF's fiduciary responsibilities to assure the assets are not expended on costs for actions that are not the fault of the tank owner, USTIF recovered nearly \$216,000 from responsible parties via subrogation reimbursements.



Program Review

Claims Reporting and Eligibility Criteria

The USTIF's claim initiation process is designed to be consumer friendly. To report a claim, simply telephone the Underground Storage Tank Indemnification Fund's Claim Unit at 1-800-595-9887 (in PA) or 717-787-0763 or go online to <https://ustif.pa.gov/claims> and follow the instructions under "How do I make a claim". Information requested includes the DEP facility number, site name, owner's name (if different), contact person, and how and when the release was discovered. Other information discussed includes the extent of the release, if known, and whether any third party is affected.

The claim is assigned to a Claim Representative who contacts the tank owner or operator within one business day to begin the formal claim investigation process. Copies of release detection items are requested, a recorded statement is taken, and other pertinent issues are investigated.

To qualify for eligibility, a tank owner or operator must comply with Section 706 of the Storage Tank and Spill Prevention Act and USTIF's implementing regulations that establish the following eligibility criteria:

- A claimant must be the owner or operator of a tank that is the subject of a claim or release.
- The current fee as required under Section 705 has been paid.
- The tank is registered in accordance with requirements of Section 503.
- The owner or operator has obtained a permit as required under Sections 501 and 504. This requires the tank owner to conform with DEP regulations.
- The tank owner demonstrates to the satisfaction of the USTIF that the release occurred on or after the date established by the Board; February 1, 1994.
- The participant has met the notification requirements of 25 Pa. Code 977.34 (relating to reporting claims to the USTIF within 60 days after confirmation of a release).
- The claimant cooperates, as defined in 25 Pa. Code 977.32, with the USTIF in its eligibility determination process.

25th ANNIVERSARY HIGHLIGHTS

- 6,846 new claims reported.
- 4,750 cleanups completed.
- Claim payments total \$1,118,028,743.
- Number of eligible, pending, and appealed claims total 4,718.
- Number of contracts for corrective action total 649.
- Payments for contracts total \$89,713,588.

When the investigation is complete, an eligibility determination is sent in writing to the tank owner or operator. For an eligible claim, information regarding claim payment procedures is provided. For denied claims, the tank owner or operator is provided with information concerning appeal procedures.

Program Fees

The USTIF is financed by fees paid by underground storage tank owners or operators, distributors and tank installers. By law, the USTIF Board is required to evaluate the financial condition of the program annually.

The USTIF's fee structure and collection methodology are described in regulations, which can be found at 25 Pa. Code 977.11 to 977.24. The current fees include:

Gallon Fee: Each distributor must assess a fee of \$0.011 per gallon on regulated substance deliveries to regulated USTs.

CHART 2: Gallon Fee

Year	Cents Per Gallon
2004-current	\$0.011
2003	\$0.010
1999 - 2002	\$0.001
1998	\$0.005
1996-1997	\$0.010
1994-1995	\$0.020

Capacity Fee: The owner or operator of USTs storing heating oil, diesel fuel, kerosene, and used motor oil products must pay an annual fee of \$0.0825 per gallon of tank capacity.

CHART 3: Capacity Fee

Year	Cents Per Gallon
2004-current	\$0.0825
2003	\$0.0750
04/01/2002 - 12/31/2002	\$0.0200
2000 - 03/31/2002	\$0.0100
1999	\$0.0200
1998	\$0.1000
1994-1997	\$0.1500

TIIP Certified Company Fee and Activity Fee: The certified company must pay an annual fee of \$1,000. Activity fees of \$15 for tank removals, \$50 for installations, and \$50 for major modifications. Minor modifications are not subject to fees. Activity fees are billed monthly.

Revenue

Fee Billing System Highlights

On July 1, 2017, USTIF replaced its former fee billing processing system with a modern, web based, business partner friendly system that allows participants to report and pay fees on-line electronically. Based on registered tank information made available by DEP, the new fee billing system allows participants to:

- Register a secure account.
- Create and change a billing address.
- Pay capacity fees annually or monthly using a bank card or electronic check.
- Review and confirm fuel deliveries from their distributors.

- Upload throughput deliveries showing deliveries to facilities and registered tanks.
- Report a claim.
- Use online technical support.

Annual Actuarial Study

Under the provisions of the Storage Tank and Spill Prevention Act of 1989, the USTIF Board shall establish program fees "on an actuarial basis in order to provide an amount sufficient to pay outstanding and anticipated claims against the Underground Storage Tank Indemnification Fund in a timely manner". Therefore, each year, the USTIF employs an independent actuarial firm to perform the analysis based on the prior fiscal year. The actuaries utilize data provided by the TPA and USTIF to project future claim payments and program liabilities. The report is formally presented at the December Board meeting. The report is used as the basis for a discussion on the program fees, (gallon, capacity and TIIP) and whether the fees should remain the same, be increased, or decreased. In addition to being utilized as a tool for program fee discussions, the report is provided to the Comptroller's Office to establish liabilities for the quarterly financial statements. The report is made available to the EPA to reference for their annual review of soundness of the program and is provided to outside Commonwealth auditors. On December 12, 2019, the Actuarial Report was presented, and the Board voted to keep the current fee structures.

Revenue by Component

The Commonwealth's fiscal year (FY) runs from July 1 through June 30. Chart 4 presents revenue by component since 2015.

CHART 4: Revenue by Component for Each Fiscal Year (through December 31, 2019) Revenues (in \$ millions)

Revenue Source	FY19 ¹	FY18	FY17	FY16	FY15
Capacity Fee	\$3.45	\$5.98	\$5.74	\$6.21	\$5.94
Gallon Fee	\$25.46	\$53.27	\$51.05	\$52.46	\$52.23
TIIP Fee	\$0.19	\$0.28	\$0.33	\$0.33	\$0.30
Investment Income	\$16.18	\$17.28	\$14.24	\$17.24	\$5.83
Interest on G.F. Loan ²	\$0.71	\$1.61	\$1.02	\$0.54	\$0.23
Misc.	\$0.18	\$0.02	\$0	\$0.02	\$0.90
TOTALS	\$46.17	\$78.44	\$72.35	\$76.80	\$65.43

¹Data for FY 2019 are for the months July - December 2019

²To date, \$32.5 million of the principal balance has been repaid with the most recent payment occurring in 2009. An Amendment during 2015 calls for \$7.0 million payments each October 15th until both the remaining principal and interest are paid off in 2029. No payments have yet been made on the amended terms.

Tank Demographics

In Statistics by DEP County and Region, Chart 18 of this report, active tanks by county are listed. The number of active regulated tanks has decreased since 1994 due to the deregulation of commercial heating oil tanks, normal attrition, and upgrading to larger capacity tanks in place of numerous, smaller capacity tanks. Many tanks were taken out of service as a result of economic decisions relating to the 1998 upgrade requirement.

Chart 5 presents distribution of tanks by substance.

Chart 6 presents distribution of tanks by DEP Region.

Tanks registered as "Currently In Use" (C) and tanks registered as "Exempt" and Participating (P) are included within total tank count.

CHART 5: Distribution of Tanks by Substance



59%	Gasoline	12,192
11%	Heating Oil	2,265
28%	Diesel	5,733
2%	Other	464

Other includes: new motor oil, aviation fuel, hazardous substances, gasohol, and ethanol.

Heating Oil includes: kerosene, heating oil, heating oil #2, used motor oil, and unknown.

CHART 6: Distribution of Tanks by DEP Region



21%	Southeast	4,338
24%	Southcentral	4,865
18%	Southwest	3,630
11%	Northwest	2,288
10%	Northcentral	2,015
17%	Northeast	3,518

Percentages may not add to 100 due to rounding.

State-Wide Claim Statistics

The following pages present comparisons of claims by claim status, facility type, and product type.

Claim Status Comparison

This section presents an analysis of claims investigated by "Claim Status." Claim status categories are:

- 1. Closed Eligible**—Claims that have been investigated, determined to be eligible for funding, and paid.
- 2. Closed Denied**—Claims that have been investigated and determined not to be eligible for funding. These claims have been closed without any payments from the USTIF.
- 3. Closed Withdrawn**—Claims that have been partially investigated and, by mutual agreement between the tank owner/operator and the USTIF, have been withdrawn. In most instances, the claims are withdrawn because the covered cleanup costs do not exceed the deductible.

4. Open Pending—Claims that are currently being investigated. Reserves have been established on these claims. The reserves represent the current estimate of site remediation cost.

5. Open Eligible—Claims that have been investigated and determined to be eligible. Cleanup/remediation is in progress. The reserve figures on these files include payments and projected future costs of cleanup/remediation.

6. Appealed—includes claims that have been investigated and determined in whole or in part not to be eligible for funding, but the tank owner/operator filed an official appeal. These claims may be open and carry a reserve equal to the projected or known cleanup costs.

Chart 7 identifies the number of claims, total claim cost, and average claim cost for each claim status category. The data are presented separately by claim year and in aggregate for the USTIF since its inception.

CHART 7: Claim Status

Status	Number of Claims ¹	Percent ²	Total Dollars ³	Average Claim Cost ⁴
2019				
Closed Eligible	1	<1%	\$8,344	\$8,344.12
Closed Denied	6	3%		
Closed Withdrawn	19	9%		
Open Pending	138	64%	\$17,625,000	\$127,717
Open Eligible	49	23%	\$7,311,533	\$149,215
Appealed	2	1%	\$125,000	\$62,500
Total	215			
Total Eligible, Pending & Appealed	190		\$25,069,878	\$131,947
2018				
Closed Eligible	24	13%	\$410,868	\$17,120
Closed Denied	14	7%		
Closed Withdrawn	33	17%		
Open Pending	12	6%	\$1,550,000	\$129,167
Open Eligible	103	54%	\$15,939,381	\$154,751
Appealed	3	2%	\$375,000	\$125,000
Total	189			
Total Eligible, Pending & Appealed	142		\$18,275,249	\$128,699
2017				
Closed Eligible	42	23%	\$1,552,312	\$36,960
Closed Denied	28	16%		
Closed Withdrawn	33	18%		
Open Pending	2	1%	\$525,000	\$262,500
Open Eligible	74	41%	\$14,644,304	\$197,896
Appealed	0	0%		
Total	179			
Total Eligible, Pending & Appealed	118		\$16,721,615	\$141,709
Prior Years Since Inception				
Closed Eligible	3,698	59%	\$725,904,657	\$196,297
Closed Denied	1,022	16%		
Closed Withdrawn	973	16%		
Open Pending	1	<1%	\$125,000	\$0

Status	Number of Claims ¹	Percent ²	Total Dollars ³	Average Claim Cost ⁴
Open Eligible	567	9%	\$331,632,344	\$584,889
Appealed	2	<1%	\$300,000	\$150,000
Total	6,263			
Total Eligible, Pending & Appealed			\$1,057,962,00	
	4,268		1	\$247,882
Totals				
Closed Eligible	3,765	55%	\$727,876,181	\$193,327
Closed Denied	1,070	16%		
Closed Withdrawn	1,058	15%		
Open Pending	153	2%	\$19,825,000	\$129,575
Open Eligible	793	12%	\$369,527,562	\$465,987
Appealed	7	<1%	\$800,000	\$114,286
Total	6,846			
Total Eligible, Pending & Appealed			\$1,118,028,74	
	4,718		3	\$236,971

¹ As of December 31, 2019.

² Percentages may not add to 100 due to rounding.

³ Total dollars include both dollars paid and dollars reserved on claims.

⁴ Average claim cost is determined by dividing the total dollars paid or reserved on claims in a specific category by the total number of claims in that specific category.

Summary

- 6,846 claims were investigated between February 1, 1994 and December 31, 2019.
- The total dollars reserved and/or paid on all eligible, pending, and appealed claims is \$1,118,028,743.
- 215 claims were investigated in 2019, an average of 17.9 claims/month.
 - Of the 215 claims that were investigated in 2019, 87% were eligible or pending, 3% were denied, 1% were appealed, and 9% were withdrawn.
 - The average cost per eligible, pending, or appealed claim reported in 2019 was \$131,947.
- 189 claims were investigated in 2018, an average of 15.8 claims/month.
 - Of the 189 claims that were investigated in 2018, 74% were eligible or pending, 7% were denied, 2% were appealed, and 17% were withdrawn.
 - The average cost per eligible, pending, or appealed claim reported in 2018 was \$128,699.
- 179 claims were investigated in 2017, an average of 14.9 claims/month.
 - Of the 179 claims that were investigated in 2017, 66% were eligible or pending, 16% were denied, 0% were appealed, and 18% were withdrawn.
 - The average cost per eligible, pending, or appealed claim reported in 2017 was \$141,709.
- 6,263 claims were investigated in prior years, an average of 22.8 claims/month. (2/1/94 - 12/31/16)
 - Of the 6,263 claims that were investigated, 68% were eligible or pending, 16% were denied, <1% were appealed, and 16% were withdrawn.
 - The average cost per eligible, pending, or appealed claim reported in prior years was \$247,882.

Facility Type Claims Comparison

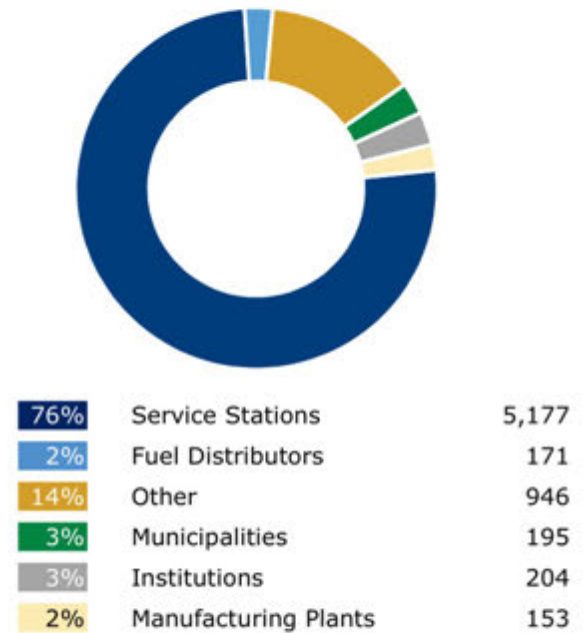
Since the inception of the USTIF, claims have come from a variety of facilities. In this section, six types of facilities are compared for claim volume, total dollars reserved and/or paid out, and average claim costs. The six facility types are:

- Service Stations includes all facilities that sell petroleum products to the general public (e.g., gas stations, truck stops, convenience stores).
- Fuel Distributors includes wholesale petroleum dealers/bulk plant owners and operators. This category also includes dealers that distribute heating oil.
- Manufacturing Plants includes any business that manufactures a product (e.g., bakery, steel mill, or factory).
- Institutions includes schools, colleges, hospitals, and churches.
- Municipalities includes any tank that is owned by a municipality (e.g., city, county, township, or borough). This category does not include school districts, which are included under "Institution."
- Other includes all other categories not listed in the five above. Tank owners that fall into the "other" category include, but are not limited to, farm owners, trucking companies, auto dealerships, and utilities.

Four charts compare the USTIF's experience with these six types of facilities:

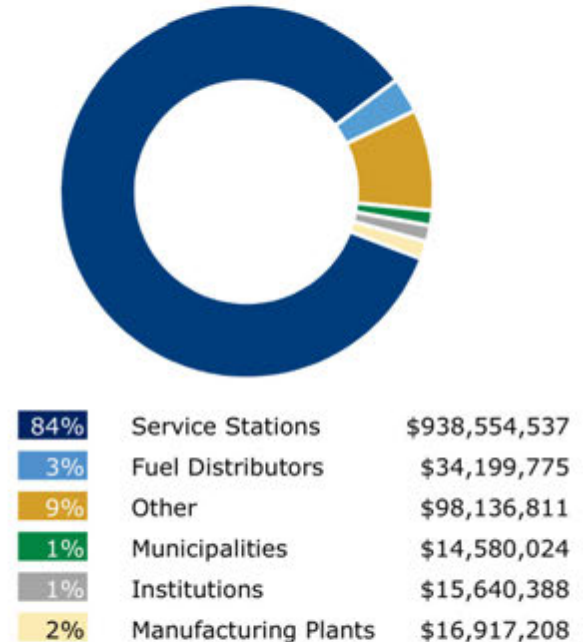
- Chart 8 presents the percentage and number of claims received for each facility type.
- Chart 9 presents a comparison of total dollars currently reserved and/or paid out for each facility type.
- Chart 10 demonstrates the "average claim cost" by facility type. Average claim cost is determined by dividing the total dollars reserved and/or paid in a specific category by the total number of claims in that category.
- Chart 11 compares claim volume by facility type by year.

CHART 8: Claims Received by Type of Facility



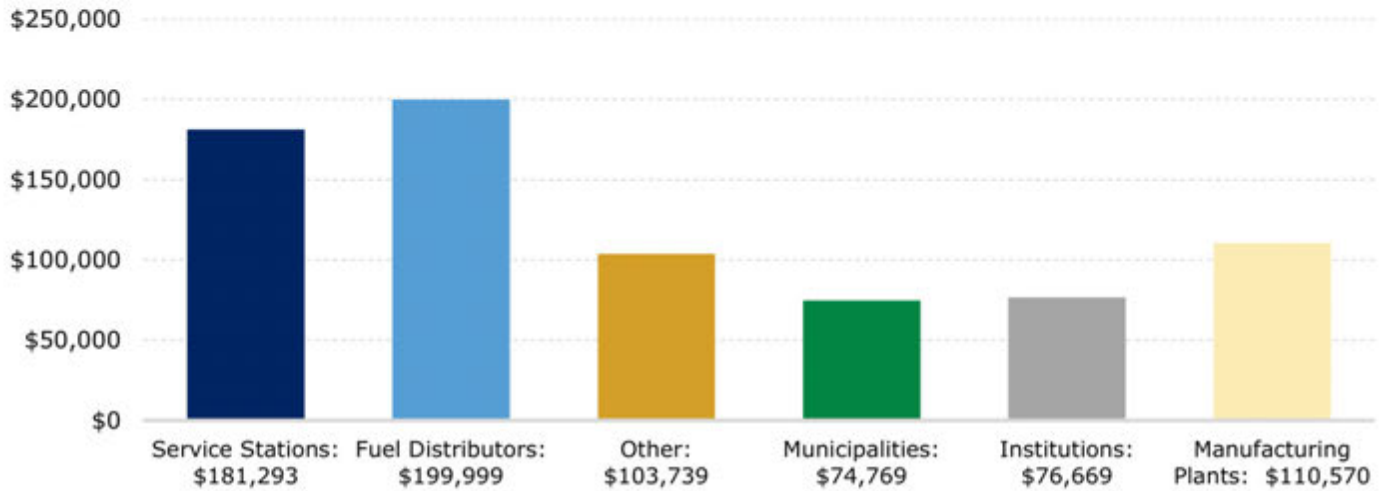
Total Claims 6,846 (2-1-94 through 12-31-19)

CHART 9: Dollars Reserved/Paid by Type of Facility



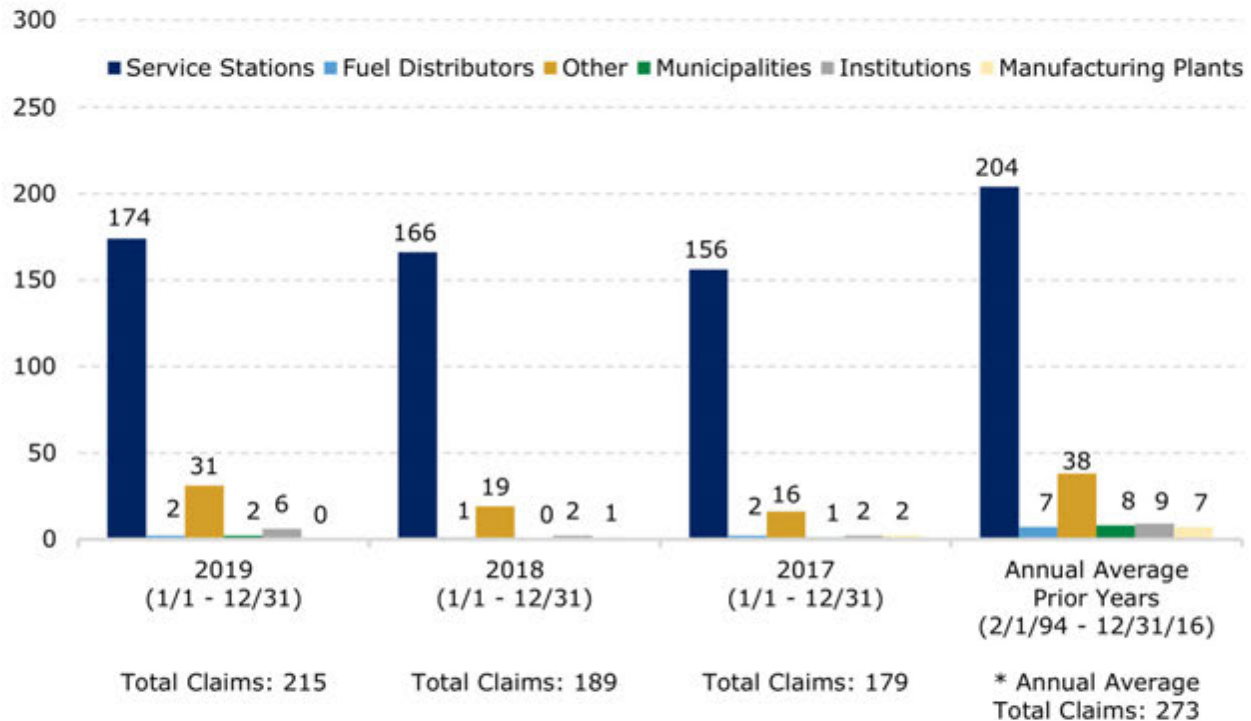
Total Dollars Reserved/Paid = \$1,118,028,743
(2-1-94 through 12-31-19)

CHART 10: Average Claim Cost by Type of Facility



Average claim cost is determined by dividing the total dollars paid/reserved on claims in the specific category by the total number of claims in that category.

CHART 11: Number of Claims by Type of Facility, by Year



* Annual average has been decreasing. The highest number of claims occurred in 1995, 1997, 1998, and 1999.



Product Type Comparison

This section compares claim volume, total dollars reserved and/or paid out, and average claim costs by product type. The product types used for this comparison are:

- Gasoline;
- Diesel Fuel;
- Kerosene;
- Heating Oil (used for onsite consumption);
- Others (includes aviation fuel, jet fuel, hazardous substances, etc.); and
- Combination - any combination of the above.

Four charts compare the USTIF's experience with these six product categories.

- Chart 12 presents the percentage and number of claims received for each product type.
- Chart 13 presents the total dollars reserved and/or paid out for each product type to the total reserved and/or paid out on all claims.
- Chart 14 compares the "average claim cost" by product type. Average claim cost is determined by dividing the total number of dollars reserved and/or paid in a specific category by the total number of claims in that category.
- Chart 15 compares the number of claims by type of product, by year.

CHART 12: Claims Received by Type of Product

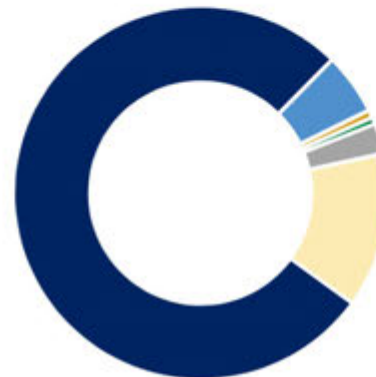


60%	Gasoline	4,087
9%	Diesel	583
1%	Kerosene	75
2%	Other	129
5%	Heating Oil	309
24%	Combination	1,663

Total Claims: 6,846 (2-1-94 through 12-31-19)

Percentages may not add to 100 due to rounding.

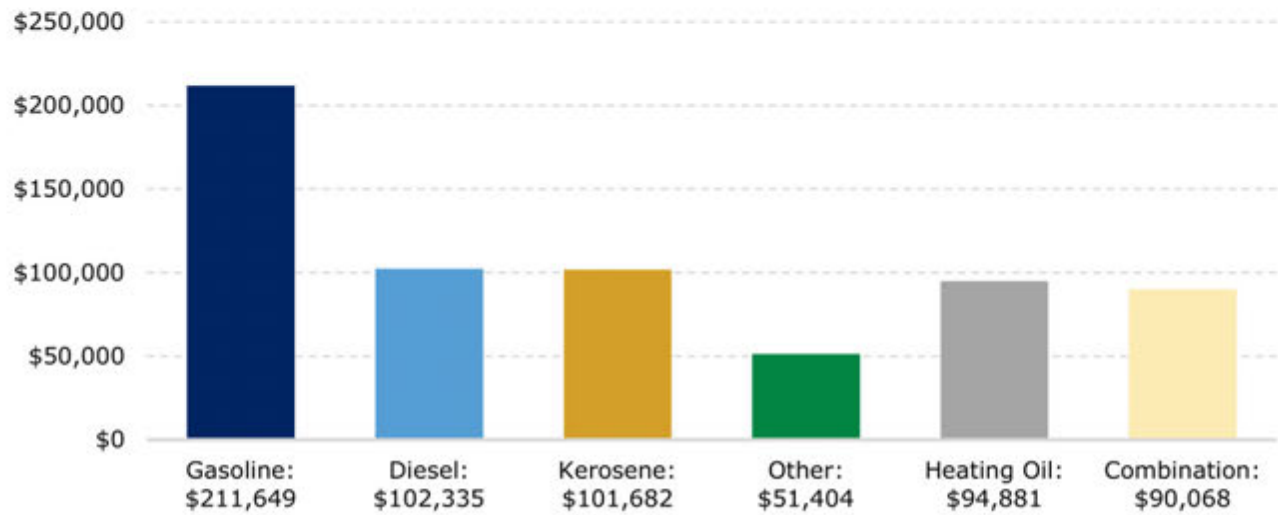
CHART 13: Dollars Reserved/Paid by Type of Product



77%	Gasoline	\$865,009,233
5%	Diesel	\$59,661,440
1%	Kerosene	\$7,626,164
1%	Other	\$6,631,097
3%	Heating Oil	\$29,318,365
13%	Combination	\$149,782,444

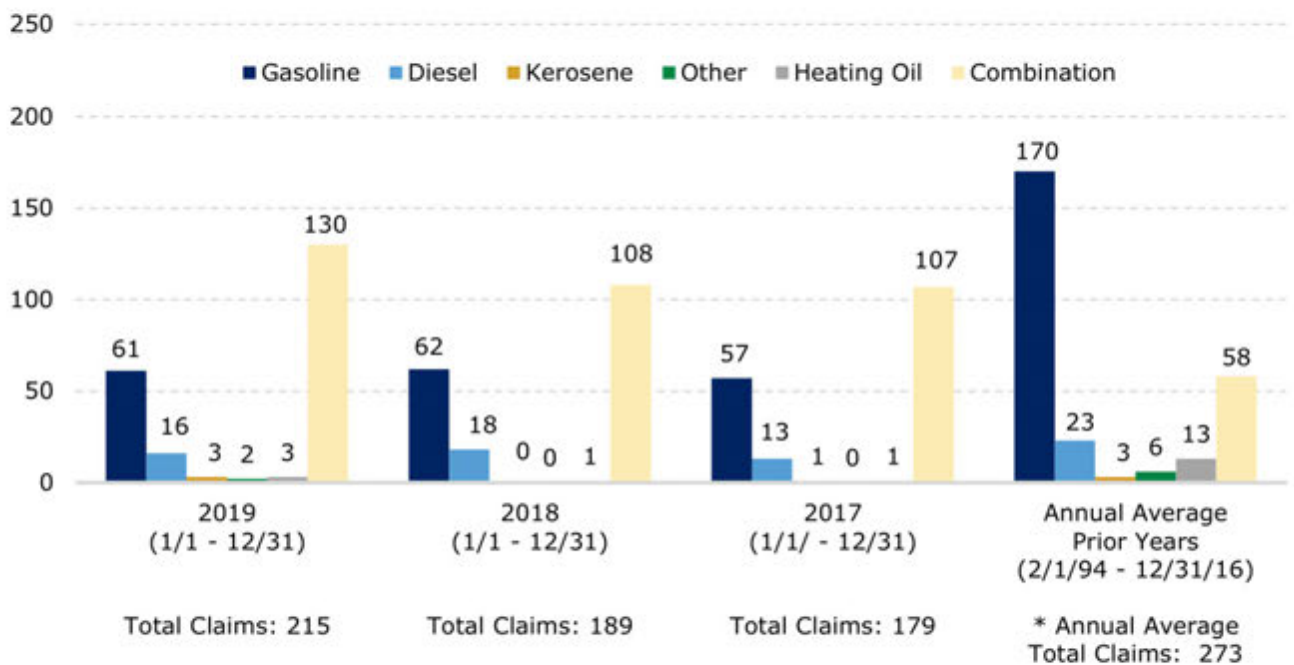
Dollars Reserved/Paid = \$1,118,028,743 (2-1-94 through 12-31-19)

CHART 14: Average Claim Cost by Type of Product



Average claim cost is determined by dividing the total dollars paid/reserved on claims in the specific category by the total number of claims in that category.

CHART 15: Number of Claims by Type of Product, by Year



*Annual average has been decreasing. The highest number of claims occurred in 1995, 1997, 1998, and 1999.

Third Party Claims Comparison

On occasion, contamination (vapor and/or liquid) from a release migrates off site onto neighboring properties. When this migration occurs, there is the potential for damages to an innocent third party.

Damages can result from such things as bodily injury, sickness, loss of revenue, direct damage to tangible property, and loss of use and/or decrease in value of real estate.

Chart 16 compares third party claim volume, total dollars reserved and/or paid out, and average claim costs by year since the inception date of the USTIF (February 1, 1994).

**CHART 16:** Third Party Claims

	2019 (215 claims filed)	2018 (189 claims filed)	2017 (179 claims filed)	Prior Years Since Inception (6,263 claims filed)	TOTALS (6,846 claims filed)
Number of third party claims filed	2	0	2	229	233
Percent of total claims filed	1%	0%	1%	4%	3%
Total reserved and/or paid out	\$20,000	\$0.00	\$125,000	\$11,156,066	\$11,301,066
Average third party claim cost	\$10,000	\$0.00	\$62,500	\$48,716	\$48,502

Claims Denial Comparison

Claim eligibility is predicated on the tank owner or operator adhering to the requirements of the Pennsylvania Storage Tank and Spill Prevention Act, 35 P.S. §§ 6021.101 *et. seq.* Section 706 of the Act, and the implementing regulations. See eligibility requirements on page 4.

Although the USTIF requires that either the owner or operator file the claim, claims have on occasion been filed by agents, such as consultants or attorneys, designated by the owner or operator. In such cases, the authority of the agent to act on the owner's or operator's behalf is always verified. Reimbursements, although sometimes channeled through the owner's or operator's agent, are always made to the party that has incurred the cleanup expenses, or if authorized by the tank owner, directly to the service provider.

Under no circumstances is coverage afforded where the fees are unpaid at the time of release discovery.

In accordance with the requirement of Section 503 that has been in force since 1989, all tanks must be

registered and operated in accordance with all applicable laws and regulations.

Owners or operators installing, removing, modifying, and operating USTs must obtain appropriate permits from the State Police Fire Marshall and other agencies.

The USTIF only covers releases occurring on or after February 1, 1994. Where a release began before the eligible period and continued into the eligible period, or a prior ineligible release is mingled with an eligible one, pro-ratio of benefits is developed.

Effective Date. Contamination occurring prior to the effective date of the USTIF (February 1, 1994) is prevalent in many of the claims reported in 1994. Eligibility was denied on 73 (43%) of the 170 claims assigned in 1994, because the loss occurred before February 1, 1994.

Chart 17 compares the number of claims denied in prior years, 2017, 2018, and 2019 by reason for denial.

CHART 17: Denied Claims

	2019 (215 claims filed)	2018 (189 claims filed)	2017 (179 claims filed)	Prior Years Since Inception (6,263 claims filed)	TOTAL (6,846 claims filed)
Fees Not Paid*	3 (50%)	1 (6%)	11 (39%)	104 (10%)	119 (11%)
Not registered with DEP*	0 (0%)	1 (6%)	2 (7%)	14 (1%)	17 (2%)
Pre-USTIF Contamination*	0 (0%)	1 (6%)	2 (7%)	385 (37%)	388 (36%)
Multiple Reasons*	2 (33%)	9 (53%)	5 (18%)	199 (19%)	215 (20%)
Claimant not Owner/ Operator*	0 (0%)	0 (0%)	0 (0%)	5 (0%)	5 (0%)
Not Reported w/in 60 Days*	1 (17%)	1 (6%)	0 (0%)	96 (9%)	98 (9%)
Lack of Cooperation*	0 (0%)	1 (6%)	1 (4%)	96 (9%)	98 (9%)
New Release Not Demonstrated*	0 (0%)	3 (18%)	7 (25%)	136 (13%)	146 (13%)
TOTAL DENIED+	6 (3%)	17 (9%)	28 (16%)	1035 (17%)	1086 (16%)

Note: Prior year's claims are for February 1, 1994 - December 31, 2016. 2017, 2018 and 2019 claims are for the full calendar year. Included in "denied claims" are those claims that were originally denied and closed and subsequently appealed and reopened. Not all claims shown as appealed in Chart 7 were denied prior to appeal.

*Percent of claims denied. Percentages may not add to 100 due to rounding.

+Percent of claims filed. For eligible claims comparisons, see Chart 7.

Statistics by DEP County and Region

Chart 18 provides information by DEP Region and county. The information listed includes:

- total active tanks
- total claims
- paid/reserved dollars

The data presented in Chart 18 provides claim activity on a county level.

The statewide average dollars that have been paid or reserved for eligible, pending, and appealed claims is \$236,971. The average by DEP Region is shown below:

■ Region 1 (Southeast)	\$206,907
■ Region 2 (Northeast)	\$231,260
■ Region 3 (Southcentral)	\$223,593
■ Region 4 (Northcentral)	\$268,410
■ Region 5 (Southwest)	\$244,816
■ Region 6 (Northwest)	\$289,444



REGION 4 - NORTHCENTRAL



Voluntary Heating Oil Program

A Voluntary Heating Oil Tank Program has been offered by USTIF since 1995. This program offers coverage to owners or operators of underground 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.

To obtain coverage from USTIF, owners or operators shall comply with the following requirements:

- Complete and submit an application.
- Provide USTIF with a copy of a successful tank tightness test, completed within the past 30 days.
- Submit a \$50 fee deposit. The fee deposit will be credited to the owner's or operator's account if the application is approved.

Fees are subject to the current Capacity Fee as established by the Underground Storage Tank Indemnification Board.

Coverage can be canceled by providing USTIF with advance written notice.

To obtain a Heating Oil Tank application or for more information call 717-787-0763, the Environmental Cleanup Program in a local DEP regional office or visit our web site at ustif.pa.gov.

Claim information for heating oil tanks is included in Charts 12 to 15.

25 ANNIVERSARY HIGHLIGHTS

- USTIF offers Heating Oil Opt-In Program.
- Participants with 3,000 gallon or greater heating oil tanks may opt in the program.
- Capacity fees apply to heating oil program.

Voluntary Heating Oil Tank (HOT) Application Status

- Applications received for 2019: 0
- Total participating heating oil tanks:

HOT Currently in Use:	848
HOT #2 Currently in Use:	18
HOT Participating/Exempt:	310
Total:	1,176



Pollution Prevention Program

The Pollution Prevention Grant Program assists storage tank owners with pumping out and disposing of regulated products from tanks, cleaning the inside of tanks, and grouting the fill pipes of those tanks (if the tanks will be put into temporary closure) so that the tanks are rendered unusable.

Under the Pollution Prevention Grant Program, the Underground Storage Tank Indemnification Board is authorized to allocate up to \$350,000 per year to be used by the DEP in reimbursing owners and operators with six or fewer regulated underground storage tanks in Pennsylvania that have not been upgraded to comply with technical requirements of federal and state regulations. This program encourages small tank owners to remove the environmental threat that unused and unsafe tanks pose to the Commonwealth.

The Pollution Prevention Grant Program provides reimbursement up to \$2,500 per tank for eligible activities. DEP may withhold reimbursement until DEP registration fees, USTIF fees, fines or penalties are paid; or until outstanding violations are resolved.

For the state fiscal year ending June 30, 2019, 4 grants were approved for a total payment of \$22,383.03. Since the Pollution Program began, 1,135 grants have been approved with payments totaling \$5,826,693 as of June 30, 2019.

It will remain the responsibility of the underground storage tank owner to permanently close the tanks following DEP's closure requirements. Grant money is not available under the Pollution Prevention Grant Program for removing tanks, closing tanks in place, performing site assessments, or conducting remediation activities.

Tank owners and other interested parties who would like to obtain more information about the Pollution Prevention Grant Program may contact the DEP at:

Department of Environmental Protection
Bureau of Environmental Cleanup and Brownfields
RCSOB
Division of Storage Tanks
P.O. Box 8762
Harrisburg, PA 17105-8762
1-800-428-2657 (in PA only) or 717-772-5599
www.pa.gov
717-772-5599
<http://www.dep.state.pa.us/grantscenter/GrandAndLoanPrograms.asp>

25 ANNIVERSARY HIGHLIGHTS

- Program is also known as the Pump & Plug Program.
- Board allocates \$350,000 annually to program.
- Total amount paid \$5,826,693.



Underground Storage Tank Environmental Cleanup Program (Includes Heating Oil Grants)

The Board is authorized to authorize a base allocation up to \$5.5 million annually from the Underground Storage Tank Indemnification Fund for the Underground Storage Tank Environmental Cleanup Program if the allocation doesn't impede the USTIF's ability to pay claims. The monies are used to conduct site investigations and remedial action activities at state lead and special project sites. It also provides grants to heating oil tank owners who are required to take corrective action.

An annual maximum of \$2 million for the Cleanup Program may be used for special environmental cleanup projects to assist owners of underground storage tanks who do not qualify for financial assistance under the Act.

The Heating Oil Grant allocation under the Cleanup Program allows up to a maximum of \$750,000 annually for owners incurring costs of corrective action for underground storage tanks storing a capacity of 3,000 gallons or less used for storing heating oil. In order to qualify for the program, the heating oil release must have occurred after January 30, 1998. Typical environmental cleanup costs eligible for reimbursement include excavating, emptying, cleaning, removing, transporting and disposing of a leaking storage tank; excavating contaminated soil, transporting and disposing of wastes, and restoring disturbed or contaminated areas. Costs for removal of non-leaking and release from storage tanks located in underground areas such as basements or cellars are not eligible for reimbursement. Payments are limited to actual cost of corrective action of \$5,000. The amount allowed shall be subject to a \$1,000 deductible.

The Board is also authorized to allocate funds annually to the Underground Storage Tank Pollution Prevention Program for reimbursing eligible owners for the costs of removing regulated substances from and sealing the fill pipes of underground storage tanks which have not been upgraded to comply with federal and state regulations. The Board may allocate up to \$350,000 annually from the Underground Storage Tank Indemnification Fund for the Underground Storage Tank Pollution Prevention Program.

DEP may also request the Board reimburse the department up to \$7 million annually for costs related to investigating, determining responsibility, overseeing remediation and third-party response and closing cases of spills and leaks related to underground storage tanks. It is also used for inspecting, determining compliance and taking enforcement actions against owners of storage tanks.

The results of these programs have provided a cleaner environment by funding remediation and assisting impacted parties as outlined below:

- **State-Lead/Special Projects:** For the fiscal year ending June 30, 2019, work was performed at 27 state-lead sites and 1 special project release site. The total amount expended was approximately \$2.67 million. Since program inception, over \$44 million has been expended on 389 projects.
- **Heating Oil Program:** For the fiscal year ending June 30, 2019, 186 grants were approved for a total payment \$750,000. Since the Heating Oil Program began, 2,081 grants have been approved. Grant money paid since inception total \$7,636,412.
- **Catastrophic Release Projects:** Money was not expended for the fiscal year ending June 30, 2019. From 1998 through 2013, over \$13.06 million was expended.
- **Investigation and Closure Costs:** For the fiscal year ending 2019, DEP requested an allocation of \$4.5 million.

For information concerning the Environmental Cleanup Program, please contact the DEP at:

Department of Environmental Protection
Site Remediation Division
P.O. Box 8471
Harrisburg, PA 17105-8471
or by calling 717-787-0886.

Tank Installer Indemnification Program

The purpose of Tank Installers' Indemnification Program (TIIP) is to indemnify certified companies/tank installers after a release occurs due to negligence as a result of improper or faulty installations, modifications and removals of underground storage tanks on or after January 1, 2002. This program was created in The Storage Tank and Spill Prevention Act (Act 32) passed July, 1989, as amended by Act 13 passed February 3, 1998, as amended by Act 100 passed December 2000.

This program is financed through fees paid by certified tank installer companies. There are two types of fees: an annual company fee and an activity fee for each removal, major modification and installation performed under their direction.

USTIF did not receive any newly reported claims in 2019. One claim was closed during the year without any payment. At year's end, there was 1 open claim with case reserve totaling \$125,000.

- Certified Company Fee: \$1,000 annually
- Activity Fee (for each tank system activity performed)
 - Tank Removal: \$15
 - Major Modification: \$50
 - Tank Installation: \$50
 - Minor Modification: \$0

The TIIP coverage limit is based on the number of installations, major modifications and removals performed by a certified company within a calendar year as shown below:

- 100 or fewer installations – \$1.5 million per tank per occurrence and \$1.5 million annual aggregate.
- 101 or more installations – \$1.5 million per tank per occurrence and \$3 million annual aggregate.
- TIIP reserves the right to settle or defend claims under this program

25 ANNIVERSARY HIGHLIGHTS

- Tank Installer Indemnification Program launches in 2002.
- TIIP fees remain constant since program inception.
- 36 TIIP claims reported.
- TIIP claim payments total \$391,304.99.

The TIIP, like the USTIF, has certain eligibility requirements set by the Act. The requirements and implementing regulations include:

- Claims must be reported within 60 days from the date of discovery.
- The claimant is a certified tank installer who is employed by a certified company and performed the work that gave rise to a claim for a certified company.
- The fees are paid.
- The tank is registered with DEP unless it is a heating oil tank that opted into the program.
- The certified tank installer has obtained permits, if required.
- The facts indicate that a tank installer was negligent in some tank handling activity resulting in a release after the effective date of coverage.
- The participant cooperates with the USTIF in its eligibility determination process.
- The Certified Company is responsible for the first \$5,000 per occurrence.

For questions regarding this program, please contact us at 1-800-595-9887 (in PA only) or 717-787-0763, or by e-mail at ra-ustif@pa.gov, or visit our website at ustif.pa.gov.

On the Web

The USTIF homepage is the gateway for finding useful information regarding Billing, Tank Programs, Claims, Competitive Bidding Opportunities for Cleanups, and Alerts.

The website is divided into three areas for various business partners including:

Distributors

Distributors play an important role by collecting and remitting fees subject to gallon fees for tank owners storing regulated substances. The types of regulated substances required to pay gallon fees, or commonly referred to as through-put fees include, Gasoline, New Motor Oil, Hazardous Substance, Other, Gasohol, Aviation Fuel, Mixture and Farm Diesel¹.

Distributors must use the website to report actual delivery data in a specified format either manually or electronically. The goal is to reduce calculation errors, provide transparency and most importantly, allow a throughput payment history for tank owners and operators in the event the information is needed to demonstrate financial responsibility.

Tank Owners

Participants in the USTIF program include an owner or operator of an underground storage tank; an owner or operator of an underground (unregulated) commercial heating oil tank. Access is currently restricted to tank owners who are authorized to report a claim, review gallon fees reported by the distributor and pay capacity fees. An owner or operator storing regulated substances including Diesel, unregulated Heating Oil, Used Motor Oil, Kerosene and Unknown substances based on the tank registration maintained by the DEP are assessed a capacity. This is an annual fee that is billed in December. Tank owners or operators may elect to pay full amount of the capacity fee shown on the December statement by December 31st or a monthly payment of 1/12 of the total capacity fee. Payments are accepted electronically using a bank card or electronic check.

¹Act 32 of 1989 known as the Storage Tank Spill & Prevention Act, underground-farm or residential tanks with a capacity of more than

25 ANNIVERSARY HIGHLIGHTS

- Website stores DEP data to invoice tank owners and tank installers.
- Website stores facility, tank history, monthly invoices, transactions, claims and contact information.
- Owners may view account, fees, payment history including distributor gallon fee reports.
- Participants may report a claim.
- Website accepts bank cards and electronic checks.
- There are over 3,000 registered users.
- Dedicated Bids Section provides participants with information on current bidding opportunities, pending contracts, and executed contracts

Tank Installers

Certified companies that are authorized by DEP to perform tank installations, major modifications or removals of underground storage tanks and heating oil tanks are required to the certified company fee and the required activity fee to USTIF. The annual fee is billed in December. The certified company may elect to pay the full amount of the fee shown on the December statement by December 31st or a monthly payment of 1/12 of the total certified company fee. Certified companies are assessed an activity fee for certain tank handling activities. Prior to the commencement of the activity, the tank installer completes an activity fee form, supplied by DEP. The activities subject to USTIF fees are:

- 1) Installation Activity Fee of \$50;
- 2) Major Modification Fee of \$50; and
- 3) Removal Activity Fee of 15.
- 4) Minor Modification: \$0

Please visit our website at <https://ustif.pa.gov>.

1,100 gallon used for non-commercial purposes are subject to USTIF fees.