

2023 ANNUAL REPORT



PENNSYLVANIA

Underground Storage Tank
Indemnification Fund



Message from Executive Director

March 2024

The members of the Underground Storage Tank Board (Board) and the Underground Storage Tank Indemnification Fund (USTIF) staff are pleased to provide this Annual Report that provides information on the USTIF's operations from the program's inception on February 1, 1994 through December 31, 2023. 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 committed over \$1.1 billion to help with remediation expenses related to site cleanups over the program's history.

During 2023, there were 168 newly reported UST claims and the Tank Installer Indemnification Program (TIIP) received 1 new claim. The total number of open UST and TIIP claims at year-end was 791 claims. Total payments for open UST claims made during 2023 totaled \$29.9 million. The total aggregate payment amount from claim inception to closure for the 166 sites that closed in 2023 was almost \$43 million, which is an average of a little over \$258,000 per closed site. No TIIP claim payments were made during 2023.

The annual actuarial study, prepared in 2023 by Aon Global Risk Consulting, concluded that the USTIF's assets exceeded its liabilities by over \$142 million as of June 30, 2023.

The USTIF fee revenue for 2023 totaled nearly \$55 million. This amount represents a 3% increase over 2022's fee revenue of around \$53 million.

During 2023, the USTIF allocated \$8.9 million to the Department of Environmental Protection (DEP) for grants in pollution protection, environmental and catastrophic cleanups, and site investigation, closure, and compliance costs.

In addition, the Board began work on amended eligibility regulations to help make the requirements clearer for its participants. The USTIF is considering rule amendments that clarify USTIF and TIIP eligibility requirements by incorporating Pennsylvania Commonwealth Court and Supreme Court decisions; and requiring that an underground storage tank be registered under Section 503 of the Tank Act within 60 days of when a release is confirmed. Please watch for more information about the amended USTIF regulations throughout the year.

Finally, in 2023, the USTIF celebrated the retirement of Richard Burgan, the USTIF's Executive Director from 2015 to 2023. Under Mr. Burgan's leadership, the USTIF initiated its online Fee Billing System and eliminated its unfunded liability, which will benefit the USTIF and its participants for years to come. We all wish Mr. Burgan well in his retirement.

The USTIF staff looks forward to serving you in the new year. As always, please do not hesitate to contact us if you have any questions or concerns throughout the year.

Sincerely,

Benjamin A. Lorah, 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*, (Tank Act) created the Underground Storage Tank Indemnification Fund (USTIF) to help owners and operators meet 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, the USTIF's inception date, and meet other eligibility criteria explained in the Program Review section. A UST owner may also be eligible for coverage where third-party liability occurs due to a UST release that injures 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 14-member Underground Storage Tank Indemnification Board (Board) that has a wealth of knowledge of both insurance and USTIF 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 email at ra-ustif@pa.gov, or on our website at ustif.pa.gov.

Highlights

- USTIF inception February 1, 1994.
- 1995 - Deductible decreases from \$10,000 to \$5,000.
- 1995 - USTIF offers Voluntary Heating Oil "Opt-In" Program.
- 2002 - Claim coverage increases from \$1 million to \$1.5 million.
- 2002 - USTIF adopts the Tank Installer Indemnification Fund Program.
- Fees remain stable for the past 18 years.
- Board holds 148 meetings.
- EPA consistently approves USTIF Operations through Annual Soundness Surveys.
- 2017 - Online fee payment and account access established. Currently supports over 3,275 users.

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 and DEP

The working relationship between the USTIF and the Pennsylvania Department of Environmental Protection (DEP) began shortly after the passage of the Tank Act. The Tank Act created USTIF in response to federal mandates that each state in the nation, as well as the various Indian tribal territories, establish a method to ensure UST owners have access to sufficient resources to meet their financial responsibility 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. DEP and the USTIF share the common goal of efficiently addressing remediation of fuel releases from USTs in a timely and cost-effective manner. The Board was established by the Tank Act 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

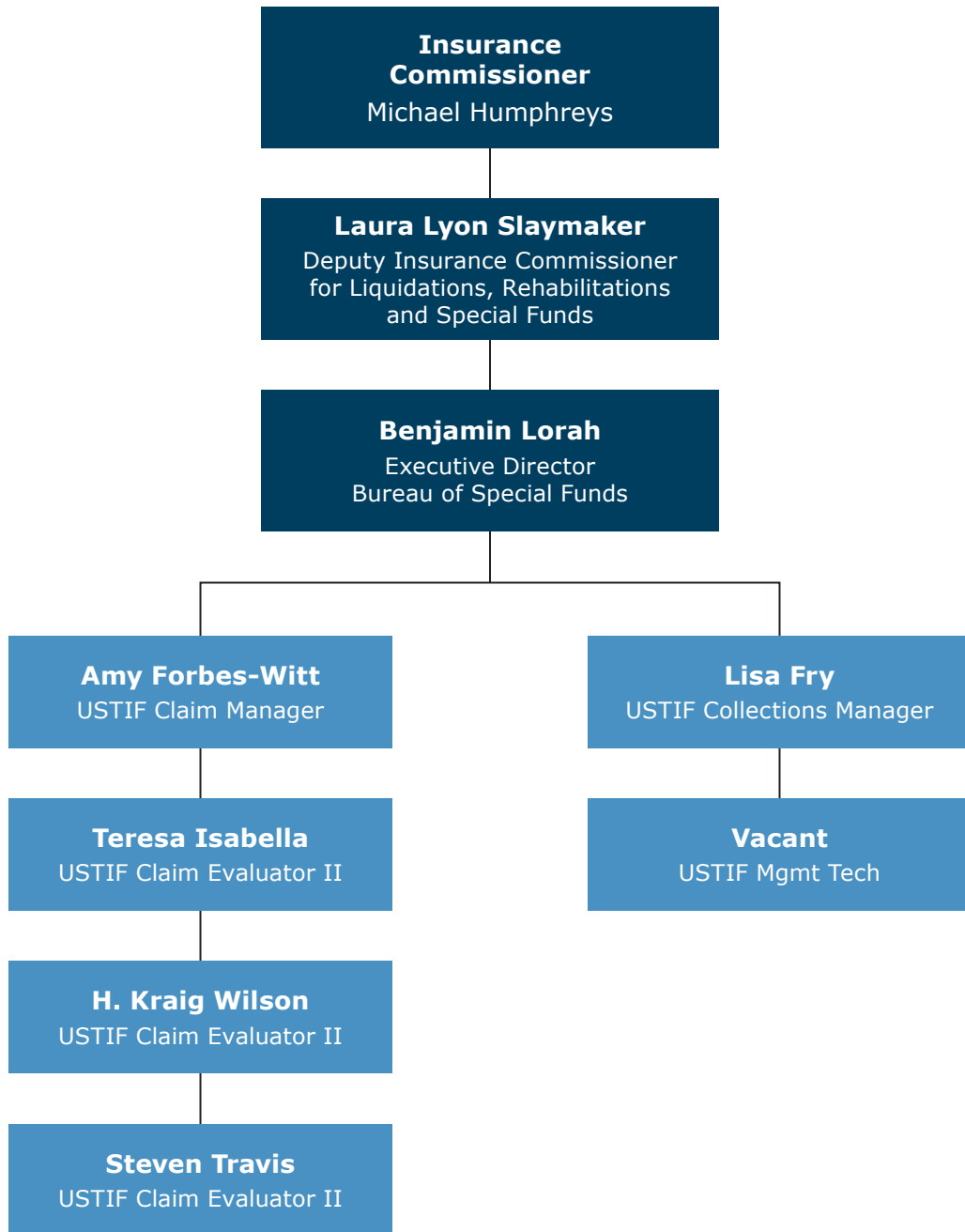
Tank Installer Indemnification Program (TIIP) fees. The DEP supplies tank ownership and registration data on a weekly basis that is used to populate USTIF's fee billing system for the invoicing processes. In addition to the collection of program fees, the USTIF is also responsible for claims processing 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 an Executive Director and conducts its business like 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 27 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 800 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. On average the Fund receives nearly 200 newly reported claims each year.

CHART 1: Organizational Chart



Executive Summary

During 2023, the USTIF continued to provide exceptional service to its participants, as well as the citizens of the Commonwealth. The USTIF paid out in excess of \$29.9 million for remediation costs in 2023. These payments contributed to the closure of 166 owner/operator contaminated sites as well as paying costs for ongoing remediation at 789 open claim sites.

At the December 2023 meeting, the Underground Storage Tank Indemnification Board received a presentation of the annual actuarial study prepared by Aon Global Risk Consulting. The study concluded that the program had assets above its actuarial projected liabilities of \$142 million as compared to \$77.4 million in 2022.

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 \$168,129,298 to DEP for various grants, programs, and expenses.

Highlights of Accomplishments for 2023

- Continued the use of fixed price contracts including competitive bidding and sole source remediation agreements. Competitive bidding and sole source contracts resulted in awarding eight contracts in 2023. 22 contracts were closed in 2023 with it being evenly split between sole source and competitively bid. At year's end, USTIF was funding remediation at 64 sites under some form of fixed price contract with a total value of \$22.5 million. Competitive bidding resulted in an estimated savings of \$454,174.
- Agreements were executed for sites in Allegheny, Armstrong, Blair, Bucks, Clarion, Monroe, and Wyoming counties.
- Continued the voluntary heating oil program covering 1,055 heating oil tanks.
- Collected \$298,596 during 2023 in certified company and activity fees through USTIF's TIIP. This program provides coverage to certified tank installers identical to the coverage USTIF provides to tank owners and operators.
- As of December 1, 2023, over 98% of facilities paid their capacity fee balances in full.
- As part of USTIF's fiduciary responsibilities to ensure the assets are not expended on costs for actions that are not the fault of the tank owner, USTIF recovered \$96,167 from responsible parties via subrogation reimbursements.
- USTIF initiated the process to amend its eligibility regulation found in 25 Pa. Code Ch. 977. Proposed changes have been accepted by the Board at the December quarterly meeting. While most of the changes incorporate language reflecting Pennsylvania Commonwealth and Supreme Court decisions, the amended language also would require that a claimant register their tank on or before 60 days of when the release giving rise to the claim is discovered.



Program Review

Claims Reporting and Eligibility Criteria

The USTIF’s claim initiation process is designed to be consumer friendly. To report a claim, participants simply telephone the USTIF’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 Tank 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 met the notification requirement by 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.

When the investigation is complete, an eligibility determination is sent in writing to the UST owner or

Highlights

- 7,584 claims reported since 1994.
- Claim reserved and paid total \$1,216,682,939 since 1994.
- Number of eligible, pending, and appealed claims total 5,217 since 1994.
- Number of contracts for corrective action total 663 since 2001.
- Payments for contracts total \$103,243,379 since 2001.

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 UST 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	Fee Per Gallon
2004–current	\$0.011
2003	\$0.01
4/1/2002–12/31/2002	\$0.001
2000–3/31/2002	\$0.0005
1999	\$0.001
1998	\$0.005
1996–1997	\$0.01
1994–1995	\$0.02

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	Fee 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 are \$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 online 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 Tank Act, the Board establishes program fees “on an actuarial basis in order to provide an amount sufficient to pay outstanding and anticipated claims against the [USTIF] 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 14, 2023, 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 2019.

CHART 4: Revenue by Component for Each Fiscal Year (through December 31, 2023) Revenues (in \$ millions)

Revenue Source	FY23 ¹	FY22	FY21 ²	FY20	FY19
Capacity Fee	\$3.80	\$5.65	\$5.66	\$5.77	\$5.95
Gallon Fee	\$24.64	\$48.64	\$49.00	\$45.86	\$47.42
TIIP Fee	\$0.15	\$0.31	\$0.33	\$0.34	\$0.34
Investment Income	\$20.52	\$22.60	\$(49.60)	\$38.03	\$10.94
Misc.	\$0.00	\$0.00	\$0.00	\$0.13	\$0.18
TOTALS	\$49.11	\$77.21	\$5.39	\$90.13	\$64.83

¹Data for FY 2023 are for the months July–December 2023.

Tank Demographics

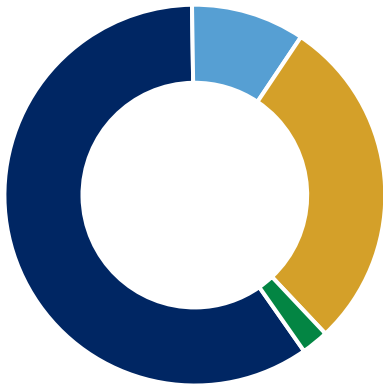
In Statistics by DEP County and Region, Chart 18 of this report, active tanks by county are listed. The number of active regulated tanks has decreased since 1994 due to the deregulation of commercial heating oil tanks, normal attrition, and upgrading to larger capacity tanks in place of numerous, smaller 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	11,879
10%	Heating Oil	1,926
29%	Diesel	5,704
2%	Other	461

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	4,178
23%	Southcentral	4,643
17%	Southwest	3,503
11%	Northwest	2,252
10%	Northcentral	1,913
17%	Northeast	3,481

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 and determined to be eligible for funding.
- 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
2023				
Closed Eligible	5	3%	\$114,853	\$22,971
Closed Denied	3	2%		
Closed Withdrawn	10	6%		
Open Pending	98	58%	\$12,250,000	\$125,000
Open Eligible	51	30%	\$8,820,000	\$172,941
Appealed	1	1%	\$125,000	\$125,000
Total	168			
Total Eligible, Pending & Appealed	155		\$21,309,853	\$137,483
2022				
Closed Eligible	47	24%	\$952,434	\$20,265
Closed Denied	15	8%		
Closed Withdrawn	31	16%		
Open Pending	13	7%	\$1,675,000	\$128,846
Open Eligible	86	44%	\$14,269,000	\$165,919
Appealed	2	1%	\$250,000	
Total	194			
Total Eligible, Pending & Appealed	148		\$17,146,434	\$115,854
2021				
Closed Eligible	60	35%	\$1,617,179	\$26,953
Closed Denied	17	10%		
Closed Withdrawn	35	20%		
Open Pending	2	1%	\$250,000	\$125,000
Open Eligible	58	34%	\$12,017,067	\$207,191
Appealed	0			
Total	172			
Total Eligible, Pending & Appealed	120		\$13,884,246	\$115,702
Prior Years Since Inception				
Closed Eligible	4,316	61%	\$888,771,619	\$205,925
Closed Denied	1,101	16%		
Closed Withdrawn	1,155	16%		

Status	Number of Claims ¹	Percent ²	Total Dollars ³	Average Claim Cost ⁴
Open Pending	0			
Open Eligible	477	7%	\$275,113,788	\$576,758
Appealed	1	<1%	\$457,000	\$457,000
Total	7,050			
Total Eligible, Pending & Appealed	4,794		\$1,164,342,407	\$242,875
Totals				
Closed Eligible	4,428	58%	\$891,456,084	\$201,323
Closed Denied	1,136	15%		
Closed Withdrawn	1,231	16%		
Open Pending	113	1%	\$14,175,000	\$125,442
Open Eligible	672	9%	\$310,219,855	\$461,637
Appealed	4	<1%	\$832,000	\$208,000
Total	7,584			
Total Eligible, Pending & Appealed	5,217		\$1,216,682,939	\$233,215

¹ As of December 31, 2023.

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

- 7,584 claims were investigated between February 1, 1994 and December 31, 2023.
 - The total dollars reserved and/or paid on all eligible, pending, and appealed claims is \$1,216,682,939.
- 168 claims were investigated in 2023, an average of 14 claims/month.
 - Of the 168 claims that were investigated in 2023, 91% were eligible or pending, 2% were denied, 1% were appealed, and 6% were withdrawn.
 - The average cost per eligible, pending, or appealed claim reported in 2023 was \$137,483.
- 194 claims were investigated in 2022, an average of 16.2 claims/month.
 - Of the 194 claims that were investigated in 2022, 75% were eligible or pending, 8% were denied, 1% were appealed, and 16% were withdrawn.
 - The average cost per eligible, pending, or appealed claim reported in 2022 was \$115,854.
- 172 claims were investigated in 2021, an average of 14.3 claims/month.
 - Of the 172 claims that were investigated in 2021, 70% were eligible or pending, 10% were denied, 0% were appealed, and 20% were withdrawn.
 - The average cost per eligible, pending, or appealed claim reported in 2021 was \$115,702.
- 7,050 claims were investigated in prior years, an average of 21.8 claims/month. (2/1/94-12/31/20)
 - Of the 7,050 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 \$242,875.

Facility Type Claims Comparison

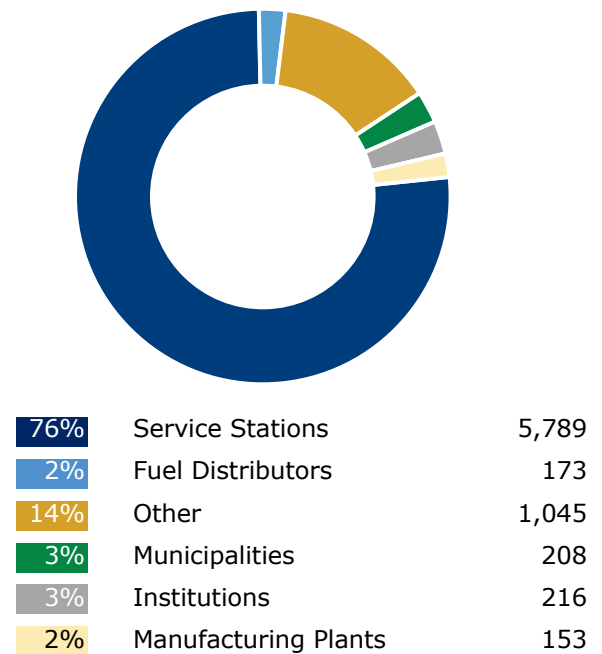
Since the inception of the USTIF, claims have come from a variety of facilities. In this section, six types of facilities are compared for claim volume, total dollars reserved and/or paid out, and average claim costs. The six facility types are:

- Service Stations includes all facilities that sell petroleum products to the general public (e.g., gas stations, truck stops, and 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 "Institutions."
- 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:

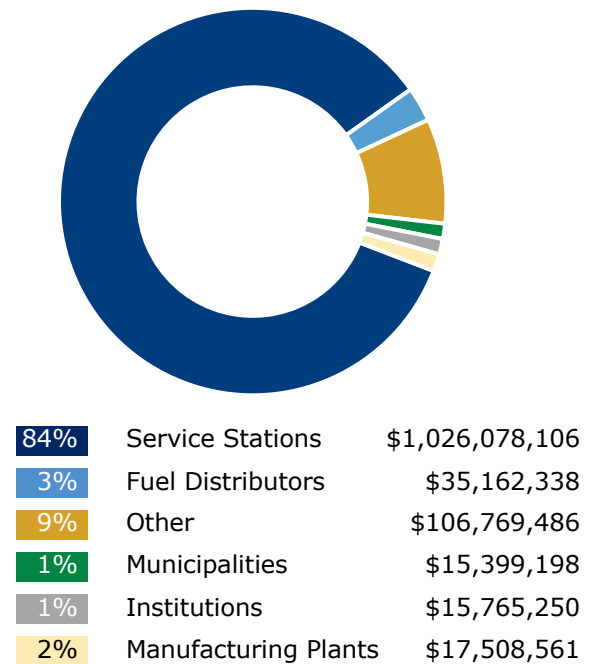
- Chart 8 presents the percentage and number of claims received for each facility type.
- Chart 9 presents a comparison of total dollars currently reserved and/or paid out for each facility type.
- Chart 10 demonstrates the "average claim cost" by facility type. Average claim cost is determined by dividing 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 7,584 (2/1/94 through 12/31/23)

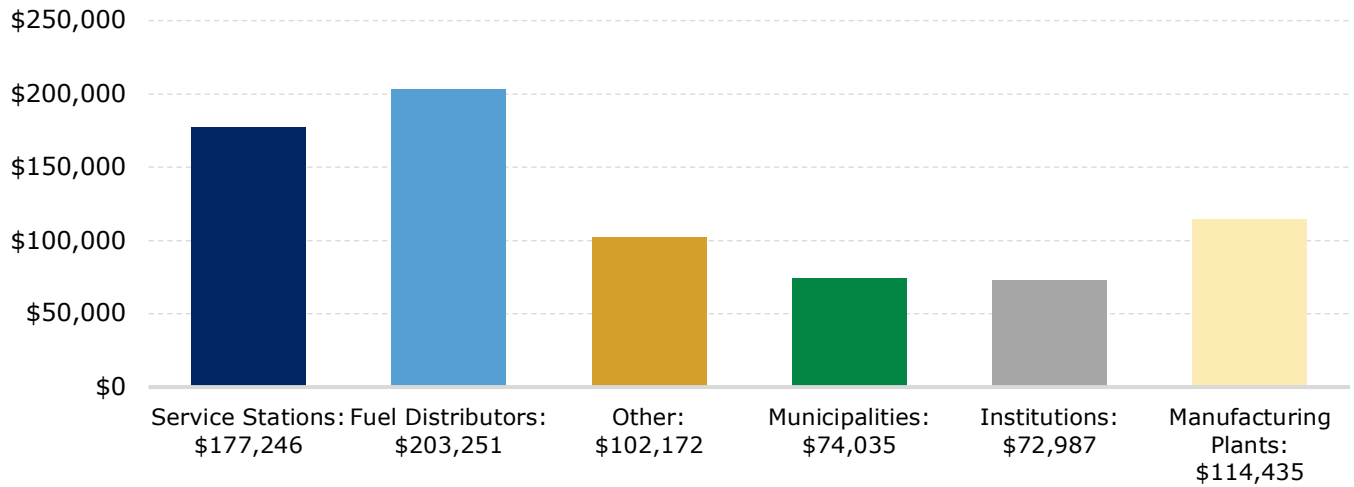
CHART 9: Dollars Reserved/Paid by Type of Facility



Total Dollars Reserved/Paid = \$1,216,682,939 (2/1/94 through 12/31/23)

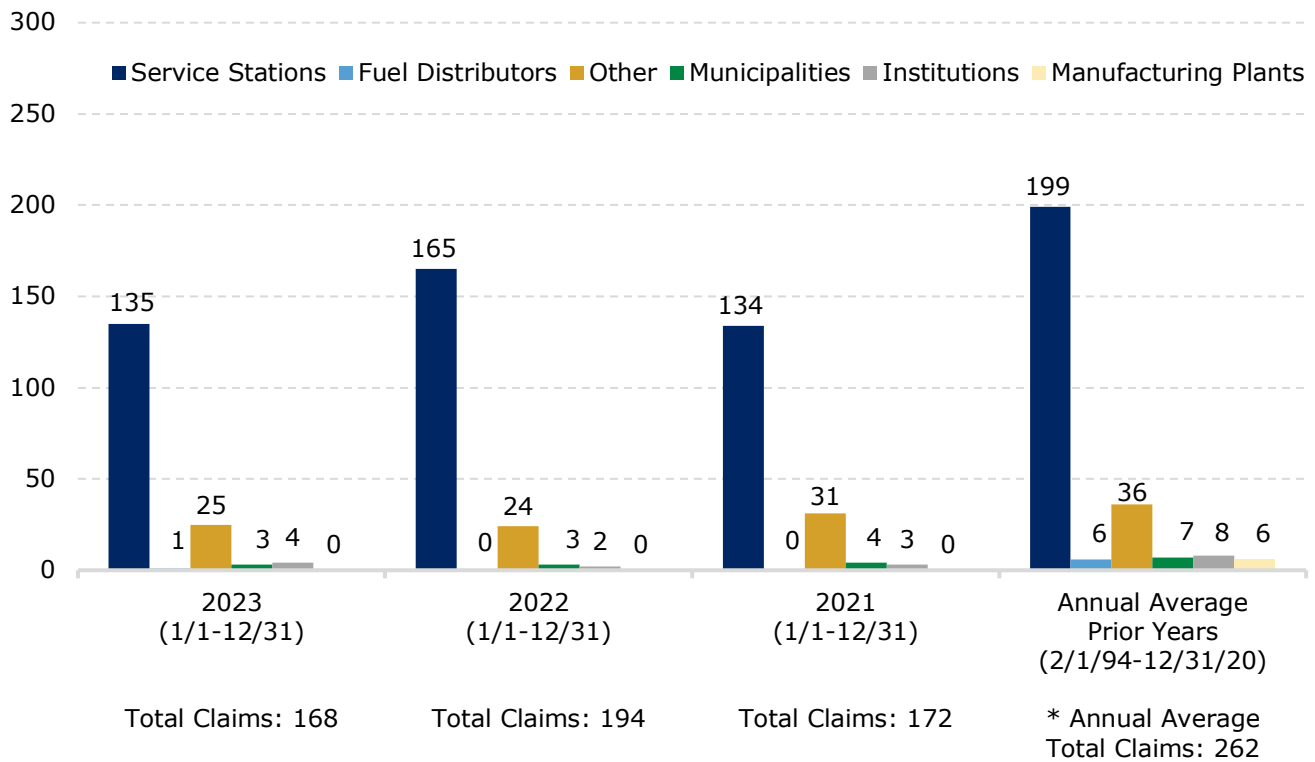
Percentages may not add to 100 due to rounding.

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 claims have been decreasing. The highest number of claims occurred in 1995, 1997, 1998, and 1999.



Product Type Comparison

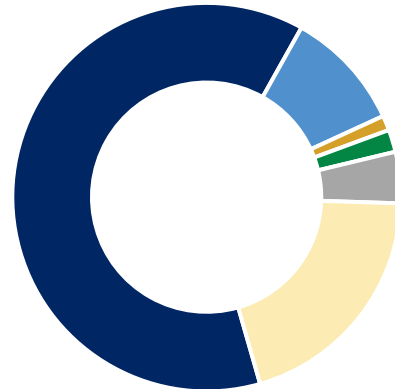
This section compares claim volume, total dollars reserved and/or paid out, and average claim costs by product type. The product types used for this comparison are:

- 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.

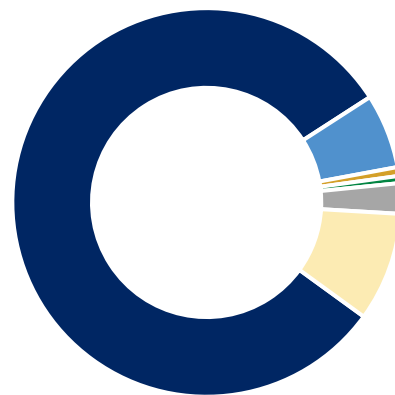
CHART 12: Claims Received by Type of Product



63%	Gasoline	4,745
10%	Diesel	760
1%	Kerosene	94
2%	Other	141
4%	Heating Oil	324
20%	Combination	1,520

Total Claims: 7,584 (2/1/94 through 12/31/23)

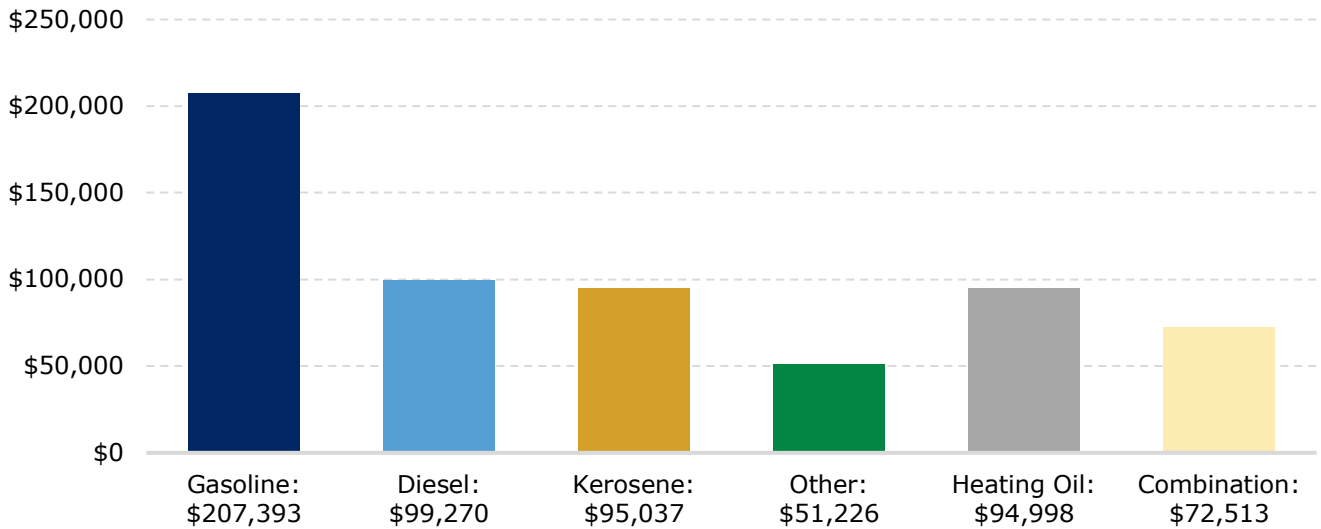
CHART 13: Dollars Reserved/Paid by Type of Product



81%	Gasoline	\$984,081,767
6%	Diesel	\$75,445,569
1%	Kerosene	\$8,933,448
1%	Other	\$7,222,913
3%	Heating Oil	\$30,779,457
9%	Combination	\$110,219,785

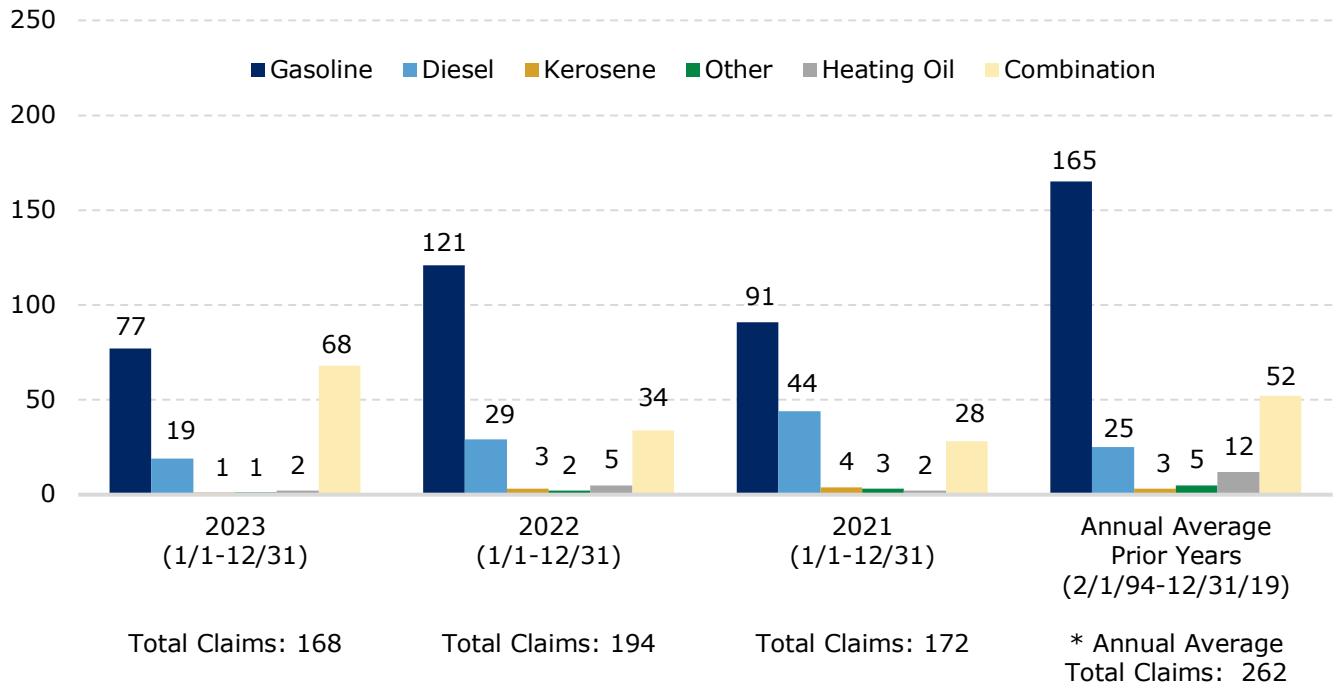
Dollars Reserved/Paid = \$1,216,682,939 (2/1/94 through 12/31/23)
 Percentages may not add to 100 due to rounding.

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 claims have 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

	2023 (168 claims filed)	2022 (194 claims filed)	2021 (172 claims filed)	Prior Years Since Inception (7,050 claims filed)	TOTALS (7,584 claims filed)
Number of third-party claims filed	1	1	3	231	236
Percent of total claims filed	1%	1%	2%	3%	3%
Total reserved and/or paid out	\$80,000	\$15,000	\$35,000	\$11,163,700	\$11,293,700
Average third-party claim cost	\$80,000	\$15,000	\$11,667	\$48,328	\$47,855

Claims Denial Comparison

Claim eligibility is predicated on the tank owner or operator adhering to the requirements of Section 706 of the Tank Act and the implementing regulations. See eligibility requirements under Program Overview, Claims Reporting, and Eligibility Criteria.

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 USTIF fees are unpaid at the time of release discovery.

In accordance with the requirement of Section 503 of the Tank Act, 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, proration of benefits is applied.

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, 2021, 2022, and 2023 by reason for denial.

CHART 17: Denied Claims

	2023 (168 claims filed)	2022 (194 claims filed)	2021 (172 claims filed)	Prior Years Since Inception (7,050 claims filed)	TOTAL (7,584 claims filed)
Fees Not Paid*	1 (20%)	10 (53%)	6 (35%)	128 (11%)	145 (13%)
Not registered with DEP*	0 (0%)	0 (0%)	0 (0%)	16 (1%)	16 (<1%)
Pre-USTIF Contamination*	0 (0%)	0 (0%)	1 (6%)	391 (35%)	392 (34%)
Multiple Reasons*	3 (60%)	6 (32%)	8 (47%)	224 (20%)	241 (21%)
Claimant not Owner/Operator*	0 (0%)	0 (0%)	0 (0%)	5 (<1%)	5 (<1%)
Not Reported w/in 60 Days*	0 (0%)	1 (5%)	0 (0%)	100 (9%)	101 (9%)
Lack of Cooperation*	0 (0%)	0 (0%)	2 (12%)	99 (9%)	101 (9%)
New Release Not Demonstrated*	1 (20%)	2 (11%)	0 (0%)	153 (14%)	156 (13%)
TOTAL DENIED[†]	5 (3%)	19 (10%)	17 (10%)	1,116 (16%)	1,157 (15%)

Note: Prior years’ claims are for February 1, 1994–December 31, 2020. 2021, 2022, and 2023 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

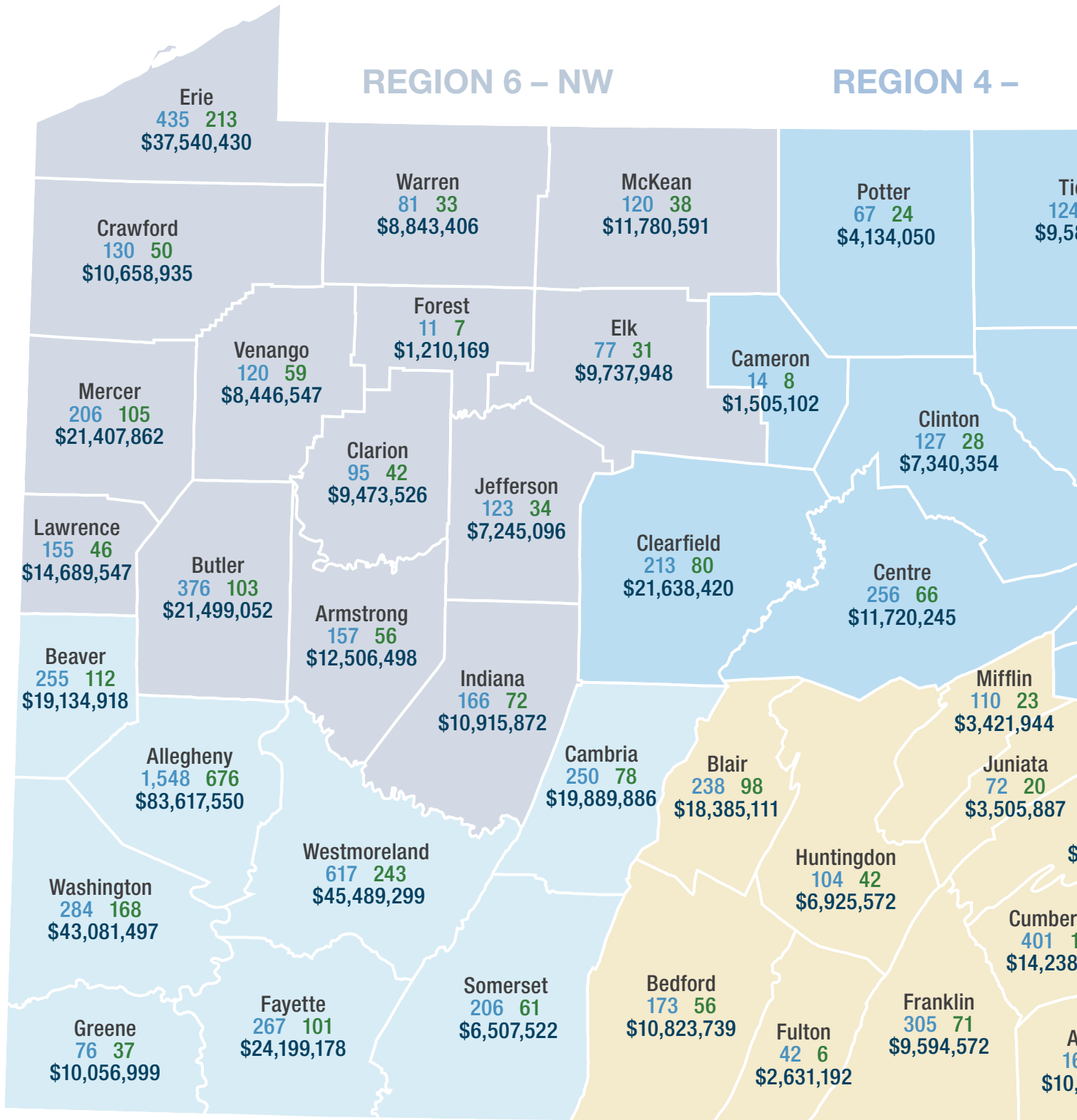
The data presented in Chart 18 provides claim activity on a county level.

The statewide average dollars that have been paid or reserved for eligible, pending, and appealed claims is \$233,215. The average by DEP Region is shown below:

- **Region 1** (Southeast) \$205,595
- **Region 2** (Northeast) \$221,549
- **Region 3** (Southcentral) \$222,626
- **Region 4** (Northcentral) \$257,023
- **Region 5** (Southwest) \$243,456
- **Region 6** (Northwest) \$285,216



CHART 18: DEP Regional Statistics

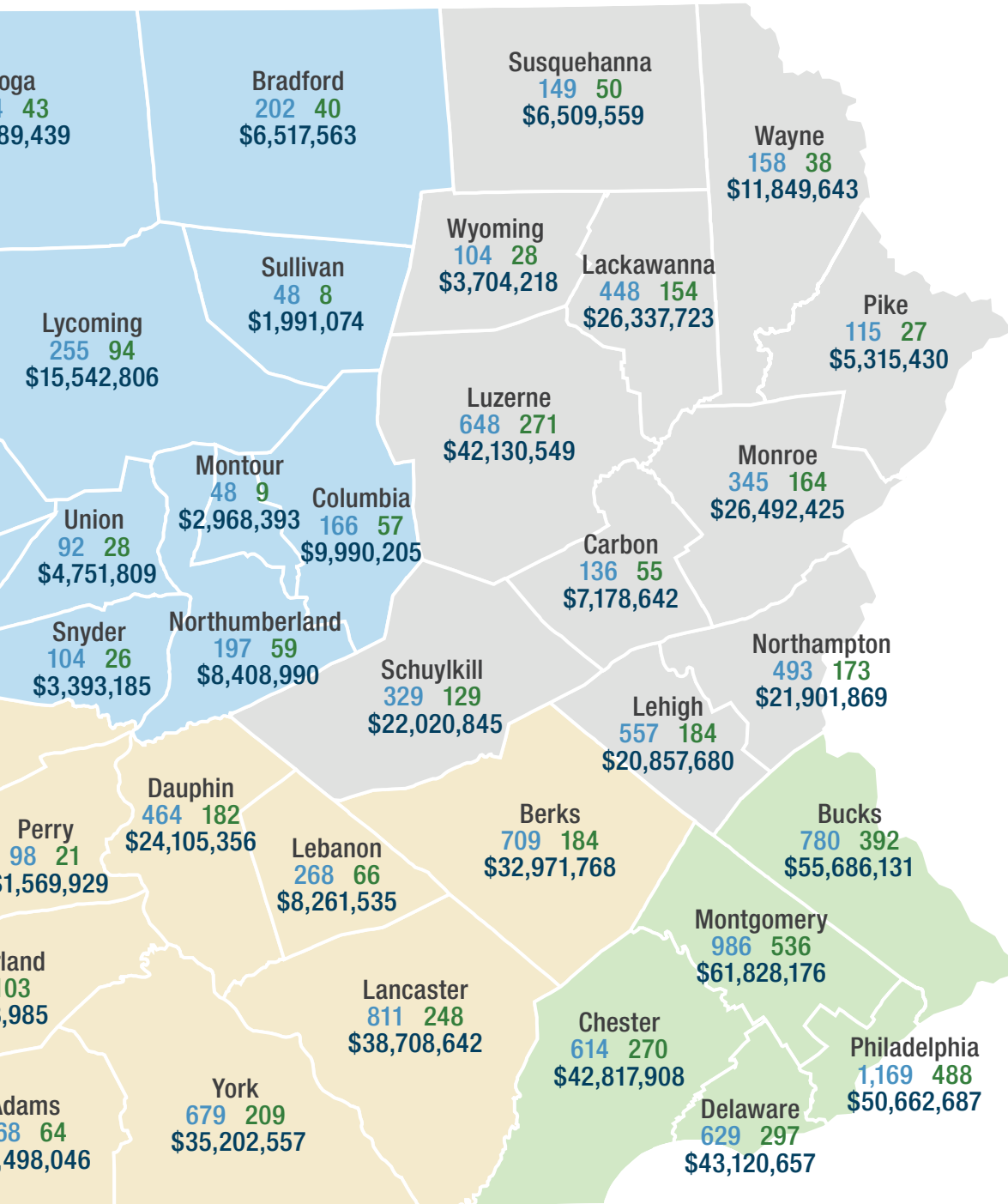


REGION 5 - SW

REGION 3 -

NORTHCENTRAL

REGION 2 – NE



KEY

- Total Tanks
- Total Claims
- Paid/Reserved

SOUTHCENTRAL

REGION 1 – SE

Voluntary Heating Oil Program

The USTIF has offered a Voluntary Heating Oil Tank Program 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 the USTIF, owners or operators must comply with the following requirements:

- Complete and submit an application.
- Provide the 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 Board.

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

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

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

Highlights

- USTIF offers Heating Oil Opt-In Program in 1995.
- Participants with 3,000 gallon or greater heating oil tanks may opt-in to the program.
- Capacity fees apply to heating oil program.

Voluntary Heating Oil Tank (HOT) Application Status

■ Applications received for 2023:	0
■ Total participating heating oil tanks: HOT Currently in Use:	304
HOT Participating/Exempt:	751
Total:	1,055



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 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 USTs 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, 2023, two grants were approved for a total payment of \$9,750. Since the Pollution Program began, 1,156 grants have been approved with payments totaling \$5,945,619 as of June 30, 2023.

It will remain the responsibility of the UST 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.

The Pollution Prevention Reimbursement Grant Package (aka, "Pump & Plug Program") must be submitted through the Department of Community and Economic Development (DCED) Electronic Single Application (ESA) website. The link to the online application can be found at <https://www.esa.dced.state.pa.us/Login.aspx>

Customer Service Number: 1-800-428-2657
(in PA only) or 717-772-5599

Website:
dep.pa.gov/Business/Land/Tanks/Pages?Pump-Plug-Program.aspx

Email: tanks@pa.gov

Highlights

- USTIF offers Heating Oil Opt-In Program in 1995.
- Participants with 3,000 gallon or greater heating oil tanks may opt-in to the program.
- Capacity fees apply to heating oil program.



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

The Board may authorize a base allocation up to \$5.5 million annually from the USTIF 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 that have not been upgraded to comply with federal and state regulations. The Board may allocate up to \$350,000 annually from the USTIF for the Underground Storage Tank Pollution Prevention Program.

DEP may also request that 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 USTs. 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, 2023, work was performed at 14 state-lead sites and 1 special project release site. The total amount expended was over \$1.68 million. Since program inception, almost \$53 million has been expended on 466 projects.
- **Heating Oil Program:** For the fiscal year ending June 30, 2023, 108 grants were approved for a total payment of \$440,476. Since the Heating Oil Program began, 2,748 grants have been approved. Grant money paid since inception totals \$10,326,888.
- **Catastrophic Release Projects:** Money was not expended for the fiscal year ending June 30, 2023. From 1998 through 2013, over \$13.06 million was expended.
- **Investigation and Closure Costs:** For the fiscal year ending 2023, DEP requested an allocation of \$7 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 the Tank Installer Indemnification Program (TIIP) is to indemnify certified companies/tank installers after a release occurs due to negligence arising from the improper or faulty installations, modifications, and removals of USTs on or after January 1, 2002. This program was added to the Tank Act by Act 100 passed in December of 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 received one new reported claim in 2023 and no claims were closed during the year. At year's end, there were two open claims with case reserves totaling \$1,200,000.

- 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.

Highlights

- Tank Installer Indemnification Program launches in 2002.
- TIIP fees remain constant since program inception.
- 41 TIIP claims reported since 2002.
- TIIP claim payments total \$391,305 since 2002.

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 email 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 UST owners storing regulated substances. The types of regulated substances required to pay gallon fees, or commonly referred to as throughput fees, include gasoline, new motor oil, hazardous substance, other substance, gasohol, aviation fuel, mixture, and farm diesel.¹

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 a UST; 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 fee. This is an annual fee that is billed in December. Tank owners or operators may elect to pay the full amount of the capacity fee shown on the December statement by December 31 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

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, and payment history, including distributor gallon fee reports.
- Participants may report a claim.
- Website accepts bank cards and electronic checks.
- There are approximately 4,000 registered users.
- Dedicated Bids Section provides participants with information on current bidding opportunities, pending contracts, and executed contracts.
- With permission, environmental consultants may submit a claim through the homepage.

Tank Installers

Certified companies that are authorized by DEP to perform tank installations, major modifications, or removals of USTs and heating oil tanks are required to pay 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 31 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: \$50
- 2) Major Modification Fee: \$50
- 3) Removal Activity Fee: \$15
- 4) Minor Modification: \$0

Please visit our website at ustif.pa.gov.

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



PENNSYLVANIA UNDERGROUND STORAGE TANK INDEMNIFICATION FUND

Phone (717) 783-8093

Toll Free (In PA Only) (800) 595-9887

Fax (717) 705-0140