



Oil Heat Advisory Committee Meeting
Monday, September 13, 2004 – 9:00 a.m. – PLIA Office

Members Present: Jim Pendowski (Dept. of Ecology); Earl Tower (Consumer); Roger Dovel (PLIA); Lynn Gooding (PLIA); Andrea Moss (PLIA); Ginny Ristine (PLIA)

Members Absent: Calvin Caley (PNOHC); Dale Cooper (WOMA); Frank Holmes (WSPA); Jim Ledbetter (Consumer); Jodi Thompson (Consumer)

Guests Present: Lea Gaskill (PNOHC)

Roger began the meeting with an explanation on the Attorney General Opinion regarding blanket coverage for all active oil tanks. The Opinion indicated that there was no automatic coverage and that coverage could not be given to owners whose tanks were not registered with the program. Roger will send out the documentation he has stating this.

Preventative Tank Maintenance Efforts

The committee then moved on to discuss how to raise the level of consumer awareness on preventative tank maintenance. Everyone around the table agreed that preventative maintenance was a good goal. In the past it was suggested that oil dealers include the PLIA fee as a line item on invoices to make consumers aware that they are paying for a service that they may or may not be receiving. However, not all dealers pass on the fee to their customers.

A mailing to registered tank owners was then discussed. The mailing would include a flyer including information about how to maintain above or below ground tanks. Information would be gathered by PLIA, Ecology, and King County. The flyer would inform owners of what to look for in regards to loss of product, tank maintenance, and information on the different types of tanks. This effort would not be any type of requirement that tank owners would be forced to comply with, but would rather offer a series of recommendations. It may or may not suggest when to replace a tank after the tank was so many years old, but would discuss the need for eventual tank replacement. The mailing would begin in the 07-09 Biennium, or as early as next year and would also be included when mailing out new registrations.

Jim P. will look into how Ecology could financially assist with the project. He also suggested that the county be asked to include the flyer with their regular mailings, and

that the dealers also assist in getting the information out to consumers. This could help to cut costs.

Earl was interested in the actual number of active oil tanks. He asked if the oil dealers had a formal way of tracking the number of active oil tanks. All the numbers are estimates. Lea guessed that most of the tanks in Eastern Washington are not registered with PLIA. Most are aboveground and leaks are caught fairly quickly. Roger also touched on how the differences in climate and soil type makes a difference in the life of a tank. PLIA has had about three claims in Eastern Washington since the start of the program.

Jim P. brought up the issue of what the focus of the mailing was. Was it geared more towards informing consumers or for marketing? He explained, with winter approaching, now might be the best time to send out the flyer. Lea also stressed the importance of communicating with the oil dealers and suggested that they send the flyer out with their statements. Lynn felt that some dealers may not be as proactive as others and does not want to rely solely on the dealer getting the information out to consumers.

Revenue Options

Roger reported, in discussions with Calvin Caley, the Pacific Northwest Oil Heat Council (PNOHC) and its members did not want to pursue the option of making owners pay a yearly fee in order to be covered under the program. Options to a yearly fee include:

1. Raising the dealer fee, which has already happened. Effective July 2004, the fee went from .006 per gallon to .012 per gallon.
2. Having tiered deductibles for owners to pay when filing a claim, which is the preference of the PNOHC.
3. Charging a flat percentage rate of the cost of the cleanup to owners, which is PLIA's preference.

Lea explained that the dealers liked the idea of a tiered deductible because it would help to keep costs down. It would also make consumers value the program more because they would begin taking on some of the costs. It was agreed that whatever is done regarding additional revenue, it needs to correspond with the new cleanup method, which is working well.

Concerns were raised about the larger cleanups and owners who may have financial hardships and could not pay the deductible. Lynn brought up the issues of when the deductible would be applied, how it would be implemented and what the criteria would be. Earl pointed out that the purpose of the deductible needed to be determined—whether it was for revenue or awareness. He also suggested that a flat rate deductible could be applied up to \$7,500 and then new criteria could be set for claims that exceed that. He also agreed that financial hardship for some owners needed to be taken into consideration.

Lynn reported that the current operation estimated about \$1.1 million dollars will be paid out of the large fund for cleanups this year. Last year PLIA paid out \$1.5 million. Earl asked how much dealers contribute to the large fund. It was guessed that about \$700,000

was contributed, but that would only contribute about \$70,000 a year if looking at a ten percent deductible.

WOMA, WSPA, and the PNOG are in collaboration on how to sustain the program without taking too much out of the large fund. Lea explained that although statute authorizes the oil heat program to pull from the large fund, the oil dealers want to show a good faith effort and at the same time rid the "perceived" idea the dealers have taken on themselves that the cleanup of oil leaks are their responsibility.

Changes needed in order to enact the deductible were discussed. Legislative and rule changes would need to be done, as well as, amending the policy that PLIA has with Colony. Lynn also pointed out the matter of incorporating the currently registered tank owners.

Lynn stressed that the agency was not a regulatory agency and could not make owners pay for cleanups if the costs to reach MTCA standards are more than what the owners can afford. Ginny pointed out that the new cleanup method that PLIA is using (cleanup up to \$7,500) is helping to make owners take on more of the responsibility for further cleanup. But for those claims that are egregious, or for owners facing financial hardship, owners may not be able to afford the deductible for further cleanup. Andrea noted that this issue comes back to the importance of making owners aware about tank maintenance.

Lea stated that the timing to implement this change is good considering the issues and changes going on with natural gas. Roger asked Lea to mention to the oil dealers that the flat percentage rate would be easier for the agency to administer as opposed to a tiered deductible. Lea will bring it up at their next board meeting. The question was also raised as to how dealer tank pull contracts would need to be changed. Lea said that that could also be discussed at the meeting. Lynn suggested that the deductible be referred to as a co-pay.

Earl questioned whether or not this issue should be approached during the next legislative session, rather than waiting until next year and combining it with the agency reauthorization. That way any concerns and issues could be worked out for the following session. Jim P. agreed, saying that it may help to stage the reauthorization. He also thought it important to look at changing the model of the insurance program and having a whole package prepared when approaching the Legislature.

Roger closed the meeting. Due to the absence of many members a date for the next meeting was not set. Roger will contact the committee members via email to set up a date for the next meeting.

Respectfully Submitted By:
Xyzlinda Marshall
Administrative Secretary


Approved/By _____ Date 9-15-04