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Oil Heat Advisory Committee Meeting
Tuesday, August 01, 2006 – 10:00 a.m. – PLIA Office

Present: Christophe Allen ((WOMA/PNOHC); Greg Hannon (WSPA); Lynn Gooding (PLIA); Andrea Moss (PLIA); Ginny Ristine (PLIA)

OFM is currently reviewing options for the consolidation of small agencies, commissions, and boards; this includes PLIA. Whether legislation will be proposed should be known in September.

Christophe Allen has replaced Calvin Caley and Dale Cooper, and will now serve as the representative for WOMA and PNOHC, as the two organizations have merged. Two committee members, Jim Ledbetter and Jodi Thompson, who represented the Consumers, will no longer serve on the committee. At this time, there are no replacements; however, their positions are open for recommendations. Frank Holmes, representing WSPA, will continue on the committee as his time allows. Greg Hanon will act as his designee.

Lynn gave a brief overview of the Oil Heat Program's revenue and expenditures. The agency continues to keep the average claim costs down, however, the number of claims continue to rise. This along with other factors, such as older claims closing in FY 2006, accounts for the increase in claim costs from FY 2005. Administrative costs have risen due to an increased risk insurance premium.

The agency has started drafting language to change the definition of an "active tank". In a recent appeal, the judge determined the agency was not applying the definition consistently. Various options are currently being considered.

Greg would like the agency to continue it's efforts at reducing the subsidy from Fund 544 for heating oil claims. The members discussed options for increasing revenue for the oil heat program. They included:

- ◆ A deductible in which the homeowners would pay a percentage of the cost of their cleanup.
- ◆ A yearly fee for the homeowners.
- ◆ Increasing the dealer fee and itemizing it on their billings.
- ◆ Eliminate the \$1500 allowed for property restoration.

Some of the questions that came up with each of the suggestions included:

- ◆ Would the anticipated revenue outweigh administration costs?
- ◆ Would universal coverage need to be provided?

- ◆ Would request legislation be needed?
- ◆ Would increased fees/costs drive homeowners away from heating oil?

Requesting money from the State Toxics Control Account or Local Toxics Control Account for tank replacement grants was discussed (*New Jersey has just approved a similar program*). Would giving grants for tank replacements cause claims to increase, creating increased costs in the short-term, but decreasing costs in the long-term?

Greg did not agree that money from the Toxics fund should go towards tank replacement grants, as it serves another purpose.

The possibility of creating a model remedy for heating oil clean-ups under MTCA should be discussed with Ecology. Oregon has a successful model remedy.

PLIA still has \$50,000 available to use towards a public outreach program. It will go towards a mailing to registered homeowners with information on prevention. The new definition of "active tank" will be included at that time.

Wrapping up the meeting, Lynn gave an update on the agency's UST programs. These updates will be included at the end of each meeting for those members that are interested and would like to stay.

The State Auditor's Office conducted an audit on the UST Community Assistance Grant Program, in which the agency had a finding. It was because the agency did not recover grant monies owed to them by those businesses that closed down. In order to remedy this, the agency will consider changing the statute or try to collect the money.

Also, the agency is currently in the process of soliciting bids for an audit of Colony UST claim files in which PLIA has paid on. The audit is to ensure that the payments the agency has made are valid.

The committee may meet again in early September if there are any legislative actions that need to be taken.

Submitted By:
Xyzlinda Marshall
Administrative Secretary


Approved By _____ Date 8/9/06