



Oil Heat Advisory Committee Meeting
Wednesday, October 26, 2006 1:30 p.m.-3:30 p.m. – PLIA Office

Present: Earl Tower (Consumer); Mike Blum (Dept. of Ecology); Charlie Brown (WOMA/PNOHC); Lynn Gooding (PLIA); Greg Hannon (WSPA); Nels Johnson, AAG (AGO); Andrea Moss (PLIA); Ginny Ristine (PLIA)

Absent: Christophe Allen (WOMA/PNOHC); Frank Holmes (WSPA); Jim Pendowski (Ecology)

After introductions, Charlie shared potential legislation topics for discussion at a meeting with him, Representative Kagi, Jay Manning (Ecology), and other representatives of Ecology scheduled for October 27. The topics included:

- ◆ Exempting homeowners from MTCA, addressing the issue of liability of homeowners with contamination on the property.
- ◆ Providing an incentive to homeowners to replace steel tanks with fiberglass tanks; possibly creating a grant program.
- ◆ The Department of Ecology developing model remedies for residential cleanups, including bio-remediation.

The discussion is still in the initial stages with many questions still needing answers. Who would administer a grant program (PLIA, local governments, third-party contractor)? Where would funds come from for the grant program (MTCA Fund, property tax credit, local funding)? Who would qualify to receive a grant (PLIA-insured vs. non-PLIA owners)? Who would receive the grant funds (homeowners, oil dealers)? What involvement would the oil dealers have?

Nels gave a brief background on why the definition of active tank needs to be changed. In an appeal, the judge determined that the definition in the rule did not correspond with reality because most leaks are discovered after the tank is pulled out of the ground, thus leaving it inactive.

Draft language for the definition was handed out to the members. The committee discussed whether a ten-day reporting period for homeowners was reasonable and fair. Nels will look into other resources to see if ten days is adequate time. Earl considered 30 days to be more reasonable than ten days. No feedback was given from Christophe Allen or PNOHC when asked; Charlie will follow up with them.

Owners are receiving wrong information regarding the amount of time they have to file a claim with PLIA. Some may be confusing the one year they have to decommission a tank, under the International (Uniform) Fire Code, with filing a claim with PLIA.

PLIA has until June 30, 2007 to use \$50,000 public outreach. It will be in the form of a mailing to PLIA-insured including the new definition of active tank, as well as, information on prevention. There were concerns as to whether the public outreach was initially intended to inform all oil heat users rather than just PLIA-insured. However, the difficulty with informing all oil heat users is that PLIA only has information for those homeowners insured with the oil heat program. Ideas on getting information to non-PLIA oil heat users included mailing stuffers to include in oil heat bills and contacting homeowner insurance companies and real estate agencies.

Homeowners have been asking if bio-diesel qualifies as oil heat. PLIA has covered cleanups as long as the product contains some percentage of petroleum bio-diesel, and will continue to do so. The bio-diesel products labeled as B5 and B20 do fall under Ecology's regulations for petroleum. Currently, Ecology does not regulate 100% bio-diesel and no cleanup standards are in place. Therefore, there is no need for PLIA coverage for sites where a leak of 100% bio-diesel has occurred. Concerns raised from this discussion included whether the oil dealers are paying the PPT tax on the bio-diesel and if leakage of 100% bio-diesel brings up water quality issues.

The committee briefly discussed the public records request the agency received in March 2006 relating to cleanups where bio-remediation was used and met MTCA Method A standards. The agency will send the final reports next week and then begin on the second request received in July 2006 for sites where bio-remediation is still in progress. It has been a long process because all personal information for registered homeowners must be redacted.

Andrea and Ginny reported that there are over 260 pending bio sites. Four were recently sampled, resulting in three clean. Any sites still testing positive for contamination will have another application of bio. Bio-remediation continues to be used on most cleanups. There are some cases where other cleanup methods are necessary (e.g. demolishes with new structure being built over contaminated site). The closeout letters for bio cleanups state that bio is ongoing and tells the homeowner how much money is left should the claim need to be re-opened. This satisfies lenders and buyers the majority of the time.

Mike reported that Ecology's UST program will sunset in 2009. They are beginning legislation for reauthorization until 2019. Ecology opted for reauthorization as opposed to a permanent date to allow the program to come up for review. He also gave an overview of various legislation that Ecology is working on as a result of the federal government's Energy Policy Act signed in August 2005. States must implement these requirements or risk losing grant funding from the federal government. They included:

- ◆ "Red Tag"/Delivery Prohibition Program – Adjust the program so each tank requires a UST tag rather than the business. This will allow Ecology to shut down an individual tank instead of the entire business.
- ◆ Develop owner/operator training - Many of the owners/operators do not know how to operator and/or maintain the required equipment.

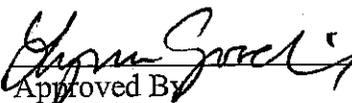
- ◆ Require secondary containment for any new tank, piping, or dispenser installed after July 1, 2007 within 1000 ft. of drinking water supply - Ecology has concerns with this because dispensers are not part of their inspections. They believe that requiring sumps for dispenser a better alternative.
- ◆ Require a 3-year inspection cycle - Ecology currently has 10 FTEs to inspect over 11,000 sites and has a 5-year inspection cycle.
- ◆ Raise yearly tank fees from \$100 to \$160 – To help pay for resources to meet the new requirements.
- ◆ Allow Ecology to accept applications for relief – Ecology recently discovered that they have no authority to accept applications for relief from penalty from an UST owner (an appeal of a citation). By statute applications can only be accepted by the Pollution Control Hearings Board.

In the meantime, Ecology is contacting various stakeholders, associations, and other parties potentially affected by their legislation for support.

Lynn wrapped up the meeting with possible performance measures for Calendar year 2007, not to be finalized until December 2006. They included:

- ◆ Improved coordination between PLIA and Ecology on oil heat cleanup and tank owners.
- ◆ Oil Heat leak prevention.

Submitted By:
 Xyzlinda Marshall
 Administrative Secretary

Approved By  Date 11/1/06