

**Underground Storage Tank (UST) Program
Energy and Environment Cabinet**

**Budget Review Subcommittee on Transportation
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**KENTUCKY ENERGY &
ENVIRONMENT CABINET**

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Federal RCRA Law

- **Resource Conservation and Recovery Act (RCRA) of 1976**
 - Hazardous Waste
 - Solid Waste
 - **Underground Storage Tanks (UST's)**
 - ✓ **Financial Assurance**
 - ✓ **Compliance**
 - ✓ **Remediation**

Underground Storage Tank (UST) Program

- **Funding is provided** for the UST program through the use of **PSTEAF** dollars (**1.4 cents/gallon of gas generates approximately \$43 to 44 M/year**). KRS 224.60-130 established in 1990.
- Timely and cost effective UST cleanup directive process **changes in 2006** and risk based UST cleanup program **changes in 2011** substantially enhanced program implementation:
 - Reduce time and cost
 - Use of qualitative risk assessment
 - Use of a Site Conceptual Model to make site specific cleanup decisions
 - Increased use of in-situ remediation technologies
- These changes significantly **reduced the number of backlogged UST cleanup sites** that were held up under the old historic cleanup approach, with no loss of protection of human health and the environment.
- Allows the program to **work on sites that present greater risk** by closing sites that do not present a risk.
- Reduces cleanup time and cost which allows for **quicker redevelopment/reuse of properties**. Many of these sites are **located in prime redevelopment locations**.
- UST leak detection system and tank specifications have improved significantly, but UST cleanup program needs will have **ongoing obligations into the future**.

Overview of PSTEAF

- The **Petroleum Storage Tank Environmental Assurance Fund (PSTEAF fund)** was established in Kentucky in **1990** (KRS 224.60-130).
- The **PSTEAF fund reimburses** Underground Storage Tank (UST) owners for the **costs of cleaning up releases** and **compensating third parties for bodily injury and property damage**.
- The PSTEAF fund is supported by **1.4 cents on each gallon of gasoline** and special fuel produced or received into the state (KRS 224.60-145).
- The PSTEAF fund is necessary to **provide federally required “financial responsibility”** for motor fuel retailers.

Legislative Findings and Intent for PSTEAF

▪ KRS 224.60-110 (Legislative findings and intent):

- Petroleum is stored to **meet citizens' needs**, to foster economic growth and development, and to provide for quality of life
- Provides for **cleanup of releases** which have and will continue to occur which threaten public safety and the environment
- **Provides** difficult - if not completely unavailable - to obtain affordable **pollution liability insurance which is required under Federal law**
- Statute provides for **orderly investigation and cleanup** without delay and minimizes disputes over causation and responsibility

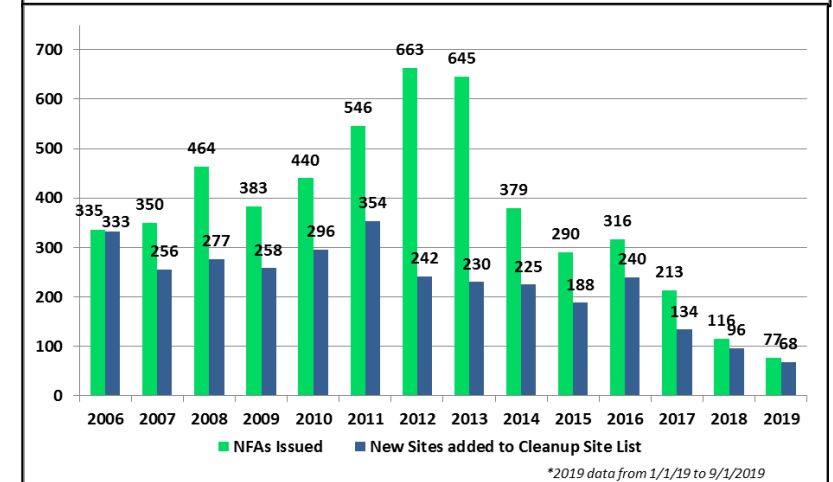
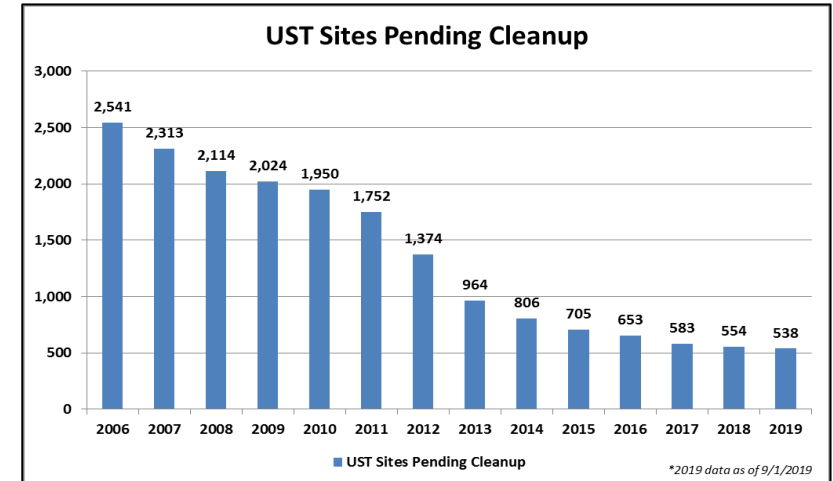
Positive Impact of UST Program & PSTEAF

- **50,641** UST systems registered over the life of the program
- **41,174** UST systems have been permanently closed
- **16,439** UST systems have been cleaned up under PSTEAF (**538** Presently in Remediation)
- Presently, there are **3,188 active retail motor fuel facilities** in the state with **9448 tanks**.

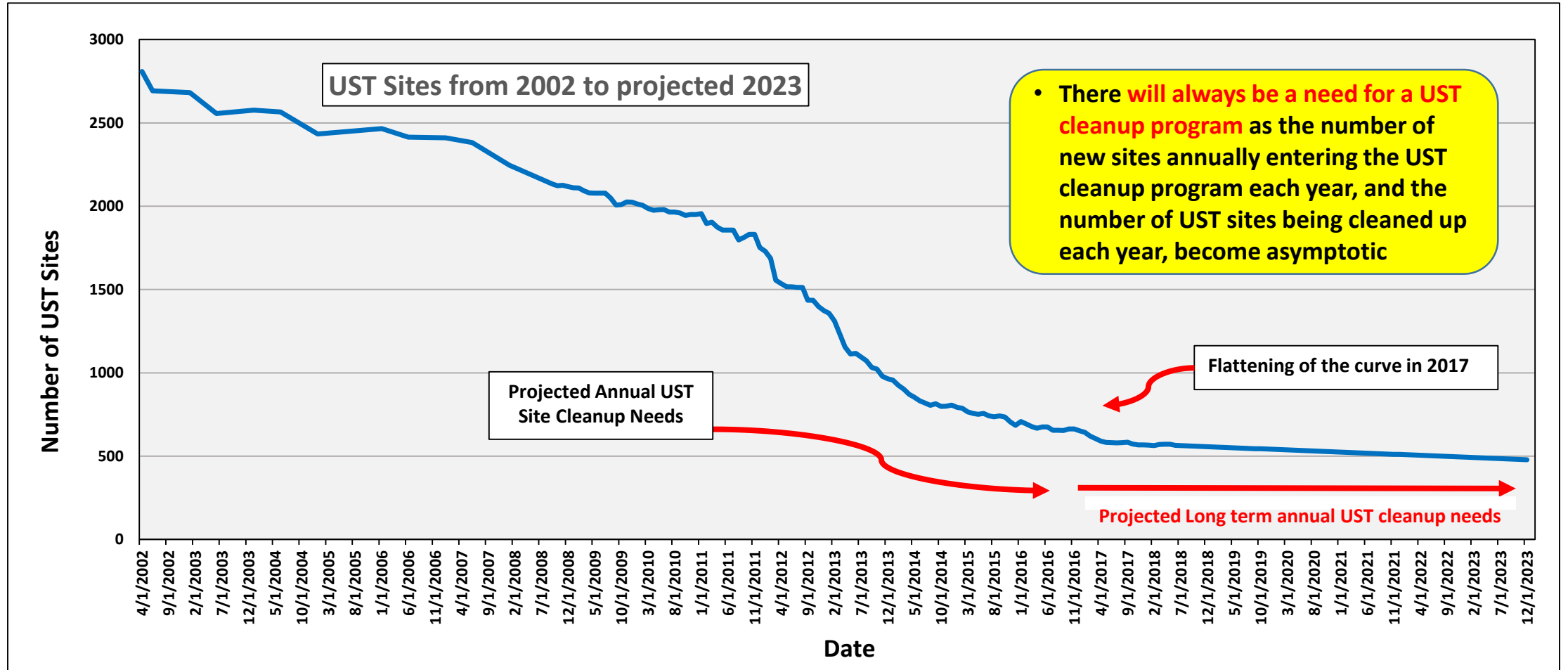


UST Site Cleanup Data Metrics

- While the backlog of UST sites is being eliminated, KY is now **responding to cleanup needs of Underground Storage Tanks (USTs) as they enter the program** (avg. cleanup cost of ~ \$72K/tank).
- There are currently approximately **9448 active USTs at 3,188 facilities in KY**. Approximately **50% of USTs are over 25 years old** and are only able to obtain insurance via the PSTEAF program statutes.
- Because **some tanks will continue to leak**, and because **federal law requires USTs to have financial insurance**, there **will always be a need for the UST cleanup program**.



UST Cleanup Need - Projections

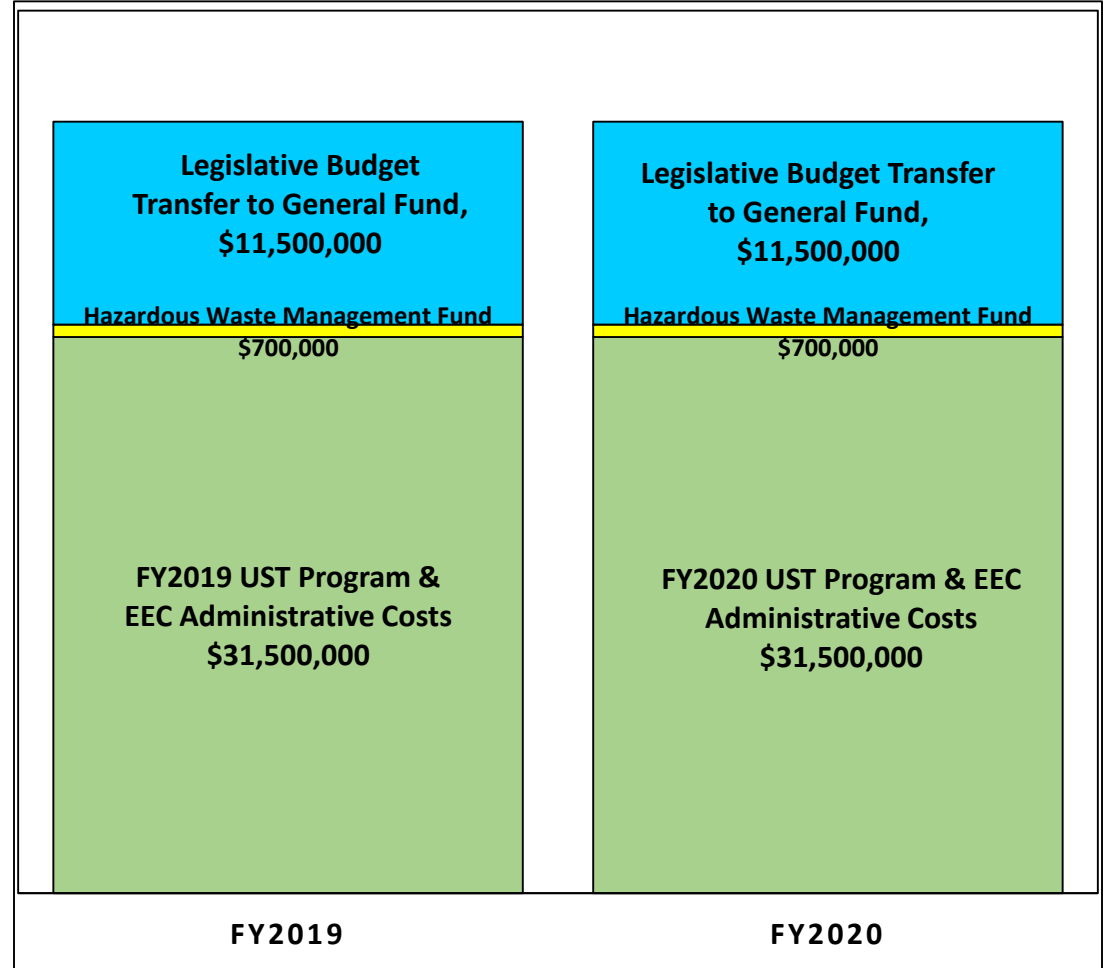




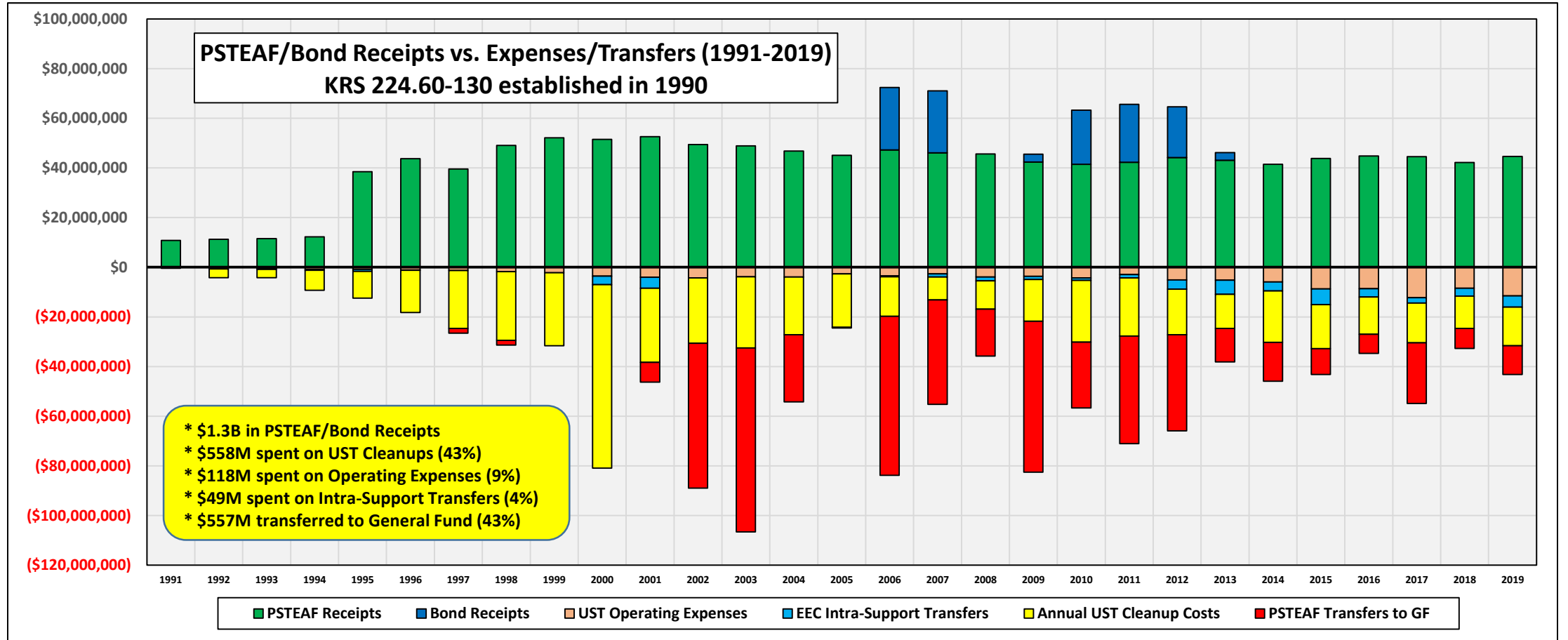
UST & PSTEAF Budget FY2019-2020

▪ FY2019-FY2020 Budget:

- ✓ **PSTEAF** generates approximately **\$43M to \$44M** per year (KRS 224.60-130)
- ✓ **Provides** approximately **\$26.5M/year** in UST program administration, corrective action, and financial insurance
- ✓ **Provides** approximately **\$5M/year** in program support transfers for essential EEC support operations (Secretary's office, legal, administrative)
- ✓ **Provides** approximately **\$0.7M+/year** to supplement the declining Hazardous Waste Management Fund (HWMF) receipts in order to meet essential Emergency Response and Brownfield site cleanup needs (KRS 224.46-580)
- ✓ The current biennial Budget requires an annual **\$11.5M transfer** from PSTEAF to the General Fund



PSTEAF Financials (1991-2019)



Conclusion - Summary

- **UST's provide essential transportation infrastructure** that fosters economic growth and development and adds to our quality of life.
- The UST program and PSTEAF **provides essential cleanup oversight and funding for investigation and cleanup of leaks from USTs** that may threaten public safety and the environment while minimizing disputes over causation and responsibility
- PSTEAF provides the **funding for federally required pollution liability insurance** for USTs.
- Despite advances in technology, releases in need of corrective action will continue to occur – there **will always be a need for the UST program and PSTEAF funding.**
- The program has matured and tank releases are **being addressed efficiently and timely.**