



ENVIRONMENTAL CONSERVATION

Agency of Natural Resources

Department of Environmental Conservation

Underground Storage Tank Program

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## FINANCIAL RESPONSIBILITY for Petroleum Underground Storage Tanks

<b>Who is Affected and Why?</b>	<p>In order to ensure that money is available for on-site cleanup of a release to the environment and compensation of third parties for bodily injury and property damage, owners or operators of petroleum underground storage tanks are required by federal and state law to demonstrate that they have the financial capability to pay for sudden and non-sudden accidental releases from their underground storage tanks. This requirement applies to category one tanks. A category one tank is an underground storage tank except for:</p> <ul style="list-style-type: none"><li>(a) fuel oil storage tanks used for on-premises heating purposes, and</li><li>(b) farm or residential tanks for storing motor fuel.</li></ul>
<b>What is Required?</b>	<ul style="list-style-type: none"><li>i. \$1 million (excluding legal defense costs) per occurrence for on-site corrective action and third party property damage and bodily injury. For tank owners or operators who do not wholesale or retail to the public <u>and</u> their average monthly throughput is less than 10,000 gallons, \$500,000 per occurrence is acceptable; and</li><li>ii. \$1 million annual aggregate for owners and operators of 100 or fewer tanks; and \$2 million annual aggregate for owners and operators of more than 100 tanks.</li></ul>
<b>What is “Annual Aggregate”?</b>	<p>This is the total amount that a policy of insurance will pay to any one insured in any twelve-month period, regardless of the number of claims.</p>
<b>How?</b>	<p>Financial responsibility can be satisfied by:</p> <ul style="list-style-type: none"><li>i. an Insurance Company issuing a Certificate of Insurance for pollution liability coverage in the required amounts; or</li><li>ii. producing a financial statement to satisfy the Agency’s self-insured test, or provide a financial guaranty (letter of credit from a financial institution), or</li><li>iii. participating in the State of Vermont’s Petroleum Cleanup Fund (PCF). An annual assessment fee is required to be paid by owners or operators of category one tanks. The annual assessment fee is payable on October 1 of each year. To calculate the correct assessment it will be necessary to complete a billing form and worksheet supplied by the Agency with the UST Form Application.</li></ul>

## Vermont Petroleum Clean Up Fund

<b>Reason For It</b>	The Vermont Petroleum Clean Up Fund (Fund) was established by statute in 1988 (Title 10 V.S.A. Chapter 59 Section 1941). The Fund provides a financial assurance mechanism to owners or operators of underground storage tanks who otherwise cannot purchase pollution liability insurance, self-insure, or provide other financial responsibility assurance. Both state and federal laws require a demonstration of financial assurance in order to operate category one underground storage tanks. The Fund serves as an interim mechanism until pollution liability insurance is available to tank owners.
<b>Source of Funding</b>	The Fund is derived from: <ul style="list-style-type: none"> <li>i. a licensing fee of one cent per gallon on motor and heating fuels, and</li> <li>ii. a petroleum tank assessment payable by each owner or operator of a category one underground storage tank.</li> </ul>
<b>Federal Approval</b>	On March 5, 1990, the Fund was formally approved as meeting EPA's financial responsibility requirements for taking corrective action and providing third party liability coverage to permitted tank owners and operators when there is a release to the environment from an underground storage tank.
<b>Coverage</b>	<p>The Fund provides coverage for <b>uninsured costs</b> up to \$1.25 million for corrective action, subject to a \$10,000 deductible per occurrence, and coverage up to \$1 million for third party property damage and bodily injury, for the following underground storage tank systems:</p> <ul style="list-style-type: none"> <li>a) Category One underground storage tanks</li> <li>b) Category Two (Farm and residential motor fuel) underground storage tanks over 1100 gallons, and</li> <li>c) Category Three (Non-farm and nonresidential on-premises heating oil) underground storage tanks greater than 1100 gallons.</li> </ul> <p>The Fund provides coverage for <b>uninsured costs</b> up to \$1.25 million for corrective action, subject to a \$250 deductible per occurrence, and coverage up to \$1 million for third party property damage and bodily injury for the following underground storage tank systems:</p> <ul style="list-style-type: none"> <li>a) Farm and residential motor fuel underground storage tanks less than 1100 gallons</li> <li>b) Category Four (any size farm and residential heating oil) underground storage tank, and</li> <li>c) Category Three (all other on-premises heating oil) underground storage tanks less than 1100 gallons</li> </ul>
<b>Cost Recovery From Tank Owner</b>	The Secretary of the Agency of Natural Resources may seek reimbursement to the Fund of cleanup expenditures when tank owners are in significant violation of their underground storage tank permit or the rules, or when a required fee has not been paid for the tank from which the release has occurred.

**NOTE:**

1. When federal law requires it, financial responsibility for corrective action including compensating third parties for underground storage tanks used to store a hazardous substance defined in section 101(14) of the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 will have to be satisfied by tank owners. For more information call the UST Program staff at (802) 241-3888.
2. An underground storage tank used to store any substance regulated as a hazardous waste may be subject to RCRA (Resource Conservation and Recovery Act) jurisdiction and financial responsibility as required under 40 CFR Part 264 Subpart (J) and facility requirement under the Vermont Waste Management Act. For more information call the RCRA Program staff at (802) 241-3888.