

**The Petroleum
Underground Storage Tank
Cleanup Fund**

**Petroleum
Underground Storage Tank
FINANCIAL RESPONSIBILITY
GUIDE**

July 1995

**State Water Resources Control Board
California Environmental Protection Agency**



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DEFINITION OF TERMS

Unless the context clearly requires otherwise, the terms used in this guide shall have the following meanings:

"Accidental release" - any sudden or nonsudden release or accidental release of petroleum from an underground storage tank that results in a need for corrective action and/or compensation for bodily injury or property damage neither expected nor intended by the tank owner or operator.

"Annual aggregate amount" - the total amount of financial responsibility that is required to cover all unauthorized releases that might occur in one year.

"CCR" - California Code of Regulations, Title 23, Division 3, Chapter 18, of the Petroleum UST Cleanup Fund Regulations commencing with Section 2803.

"Certification" - a written statement signed by a claimant attesting to the accuracy and completeness of the facts contained in the written statement.

"CFR" - Code of Federal Regulations, Title 40, Part 280, Subpart H, commencing with Section 280.90.

"Chief financial officer" - the person who normally prepares, verifies or certifies financial information on behalf of an owner or operator. The term means the owner or operator of the underground storage tank if no other individual is designated as the chief financial officer. In the case of local government owners and operators, it means the individual with the overall authority and responsibility for the collection, disbursement, and use of funds by the local government.

"Facility" - any one, or combination of, underground storage tank(s) used by a single business entity or person at a single location or site.

"Financial responsibility" - (FR) the applicable state and federal financial responsibility requirements for petroleum underground storage tanks. These requirements are established by:

1. Title 40 Code of Federal Regulations, Part 280, Subpart H, commencing with Section 280.90;
2. Section 25292.2 of Chapter 6.75 of the California Health and Safety Code;
3. Article 3 of Chapter 6.75 of the California Health and Safety Code Commencing with Section 25299.30; and
4. California Code of Regulations, Title 23, Article 3, Chapter 18.

"Fund" - the Underground Storage Tank Cleanup Fund created pursuant to Section 25299.50 of the California Health and Safety Code.

"H&SC" - the California Health and Safety Code, Chapter 6.75.

"Local agency" - the department, office, or other agency of a county or city designated pursuant to Section 25283 of Chapter 6.7 of the California Health and Safety Code.

"Mechanism" - a method of providing financial assurance in which to pay for corrective action and/or third-party compensation costs caused by accidental releases from petroleum underground storage tanks.

"Occurrence" - an accident which results in an unauthorized release of petroleum from an underground storage tank. Unauthorized releases caused by several sources but which require only a single site investigation shall be considered as one occurrence. An unauthorized release subsequent to a previous unauthorized release at the same site shall only be considered a separate occurrence if site investigation and corrective action, exclusive of verification monitoring, have been completed for the prior unauthorized release.

"Operator" - the person in control of, or having responsibility for the daily operation of an underground storage tank containing petroleum. The term includes any city, county, or district, or any agency or department thereof, but does not include the state or any agency or department thereof, or the federal government.

"Owner" - the owner of an underground storage tank containing petroleum. The term includes any city, county, or district, or any agency or department thereof, but does not include the state or any agency or department thereof, or the federal government. The term includes any person who has legal title to an underground storage tank and any owner of real property who is a de facto owner of an underground storage tank located on such property.

"Owner or operator" - when the owner or operator are separate parties, refers to the party that is obtaining or has obtained financial assurances.

"Petroleum" - crude oil, or any fraction thereof, which is liquid at standard conditions of temperature and pressure, which means at 60 degrees Fahrenheit and 14.7 pounds per square inch absolute.

"Petroleum marketing facilities" - all facilities at which petroleum is produced or refined and all facilities from which petroleum is sold or transferred to other petroleum marketers or to the public.

"Petroleum marketing firms" - all firms owning petroleum marketing facilities. Firms owning other types of facilities with USTs as well as petroleum marketing facilities are considered to be petroleum marketing firms.

"Property damage" - loss, injury, or deterioration to a third party's real or personal property which is caused by an unauthorized release of petroleum from an UST.

“Regulatory agency” - the State Water Resources Control Board, or any local, or federal agency which has responsibility or authority for regulating USTs.

“Tangible net worth” - the tangible assets that remain after deducting liabilities. Such assets do not include intangibles such as goodwill and rights to patents or royalties.

“Third party” - a person other than the owner of the real property, or the owner or operator of the underground storage tank. The term does not include tenants or landlords of the site.

“Underground storage tank (UST)” - any one or combination of tanks, including pipes connected thereto, which is used for the storage of petroleum and which is substantially or totally beneath the surface of the ground.

**TANK SYSTEMS EXCLUDED
FROM DEMONSTRATING FINANCIAL RESPONSIBILITY**

The following tank systems are currently EXCLUDED or DEFERRED from the requirements to demonstrate financial responsibility:

1. Any UST system holding hazardous wastes listed or identified under subtitle C of the Solid Waste Disposal Act, or a mixture of such hazardous waste and other regulated substances;
2. Waste water treatment tank systems regulated under the Clean Water Act, and storm water and wastewater treatment tank systems;
3. Septic tanks;
5. Tanks for storing heating oil which is used on site only (see Exhibit D);
6. Farm or residential tanks with a capacity of 1,100 gallons or less storing motor fuel which is not for resale;
7. Waste water treatment tank systems, or storm-water or wastewater collection systems;
8. Equipment or machinery that contains regulated substances for operational purposes such as hydraulic lift tanks and electrical equipment tanks;
9. Any UST system whose capacity is 110 gallons or less;
10. UST systems that contain a minimal concentration of regulated substances;
11. Emergency spill or overflow containment UST systems that are expeditiously emptied after use;
12. UST systems containing radioactive material that are regulated under the Atomic Energy Act of 1954;
13. UST systems that are part of an emergency generator system at nuclear power generation facilities regulated by the Nuclear Regulatory Commission under 10 CFR Part 50, Appendix A;
14. Airport hydrant fueling systems;
15. UST systems with field-constructed tanks;
16. Certain pipeline systems, such as those regulated under the Natural Gas Pipeline Safety Act;

17. Surface impoundments, pits, ponds or lagoons;
18. Flow-through process USTs;
19. Storage tanks situated on or above the floor of an underground area, such as a basement, vault, shaft or tunnel, if exempted by H&SC Section 25283.5, Chapter 6.7.

Reference: 40 Code of Federal Regulations (CFR) Part 280, Sections 280.10, 280.11, and 280.90(d)
California Code of Regulations (CCR) Chapter 18, Division 3, Title 23 Petroleum Underground Storage Tank Cleanup Fund Regulations Section 2805,

FINANCIAL RESPONSIBILITY REQUIREMENTS FOR PETROLEUM UNDERGROUND STORAGE TANKS

This guide is a general information directory and responds to questions about financial responsibility and the mechanisms that may be used.

WHAT IS FINANCIAL RESPONSIBILITY?

If a UST should leak, the owner and operator may be faced with high cleanup costs or with lawsuits brought by third parties. Financial responsibility means that money will be available to meet these costs.

Reference: CFR 280.90
CCR 2805

WHERE DOES THE REQUIREMENT COME FROM?

Because of the threat to both human health and the environment caused by leaking USTs, the federal government mandated owners and operators to show financial responsibility for their USTs.

The federal regulations, Title 40, Code of Federal Regulations (CFR), Part 280, Subpart H, require owners and operators to show through an approved method they can pay for cleanup and third party damages resulting from accidental releases from their USTs. The approved methods are as follows:

- Financial Test of Self-Insurance
- Guarantee
- Insurance and Risk Retention Group
- Surety Bond
- Letter of Credit
- State Underground Storage Tank Cleanup Fund
 - Mechanisms that may be used in conjunction with the UST Cleanup Fund
 - Letter from Chief Financial Officer
 - Certificate of Deposit
- Trust Fund
- Mechanisms that may be used by local governments
 - Bond Rating Test
 - Financial Test
 - Guarantee
 - Government Fund

Reference: CFR 280, Subpart H
H&SC 25299.77 and 25299.30

WHO IS SUBJECT TO THE REQUIREMENT?

All owners or operators of petroleum UST systems, that meet the federal definition of an UST, must show financial responsibility. If the owner and operator are separate parties, only one is required to demonstrate financial responsibility, however, both parties are liable in the event of noncompliance.

Reference: CFR 280.90(b) and (e)
CCR 2808.2

WHEN MUST OWNERS AND OPERATORS COMPLY?

Financial responsibility is now a requirement for all tank owners or operators, except for Indian tribes that own and/or operate USTs located on Indian tribal lands.

The deadlines set by the federal regulations are as follows:

1. **January 24, 1989** - All petroleum marketing firms owning 1,000 or more USTs and all other UST owners that report a tangible net worth of \$20 million or more to the U.S. Securities and Exchange Commission (SEC), Dun and Bradstreet, the Energy Information Administration, or the Rural Electrification Administration;
2. **October 26, 1989** - All petroleum marketing firms owning 100-999 USTs;
3. **April 26, 1991** - All petroleum marketing firms owning 13-99 USTs;
4. **December 31, 1993** - All petroleum UST owners not described in numbers 1, 2, or 3 above, excluding local governmental entities;
5. **February 18, 1994** - All local government entities, including Indian tribes, not included in paragraph 6 of this section;
6. **December 31, 1998** - Indian tribes that own USTs on Indian lands, which meet the applicable technical requirements (such as leak detection requirements).

Federal and state agencies are not subject to the financial responsibility requirements.

Reference: CFR 280.91
CCR 2806.1

HOW MUCH COVERAGE IS REQUIRED?

The current minimum requirements for per occurrence and annual aggregate amounts are:

OWNER TYPE	OCCURRENCE AMOUNT
Petroleum Marketers	\$1 Million
OR	
Non-marketers with a monthly average throughput of:	
10,000 gallons or less	\$500,000
Over 10,000 gallons	\$1 Million
NUMBER OF TANKS	ANNUAL AGGREGATE
1 through 100 tanks	\$1 Million
Over 100 tanks	\$2 Million

Note: The amounts of required financial assurance exclude legal defense costs.

Reference: CFR 280.93
CCR 2807

CAN THE STATE UST CLEANUP FUND BE USED AS A MECHANISM?

The Fund is a federally approved financial assurance mechanism, it was approved June 9, 1993. The Fund is financed by a mandatory storage fee paid by UST owners who are required to obtain a permit to own or operate a UST pursuant to Health & Safety Code Section 25284. The current storage fee, paid to the Board of Equalization, is 7 mill (\$.007) a gallon; on January 1, 1996 the fee will increase to 9 mill (\$.009), and on January 1, 1997, the fee will total 12 mill (\$.012) for each gallon of product placed in an UST.

Reference: H&SC 25299.43(a), 25299.40, and 25299.41

The Fund reimburses owners and operators that have met the Fund's eligibility requirements. The Fund pays for corrective action and/or third-party liability costs resulting from the unauthorized release of petroleum which causes contamination of soil and/or water. Funds are disbursed only after costs are actually incurred or paid by the claimant. Third-party claims are paid for amounts awarded by a court approved settlement, final judgment, or an arbitration award by a court appointed arbitrator for bodily injury or property damage. Default judgments are not reimbursable.

Reference: CCR 2808.3

WHAT ARE THE FUND'S COVERAGE LIMITS?

As an alternative to, or in conjunction with mechanisms authorized by the Federal Act, an owner or operator may demonstrate financial responsibility of up to \$1 million through use of the Fund. In order to use the Fund as a basis for showing financial responsibility for taking corrective action and for compensating third parties for bodily injury and property damage, an owner or operator must at all times:

1. Demonstrate financial responsibility of at least the following amount per occurrence and per annual aggregate coverage exclusive of the Fund:

<u>PRIORITY CLASS</u>	<u>FINANCIAL RESPONSIBILITY AMOUNT</u>
Priority Class A	\$ -0-
Priority Class B	\$ 5,000
Priority Class C	\$ 5,000
Priority Class D	\$10,000

Reference: H&SC 25299.31, 25299.32, 25299.33, 25299.58(d) and 25299.77

2. Demonstrate financial responsibility for any required amount above the \$1 million, exclusive of the Fund, for those owner and operators required to comply with the provisions of CCR Section 2807(d). (This pertains to owners or operators that have 101 or more tanks and must show a minimum of \$2 million annual aggregate coverage.)

Reference: CCR 2808.1(a)(2), 2807(d)

3. Maintain eligibility to participate in the Fund. (The owner or operator must be in compliance with UST laws and regulations.)

Reference: CCR 2808.1(a)(3)
H&SC Chapter 6.7

WHAT ARE THE PRIORITY CLASSES?

Priority Class A - Residential To qualify for priority class A, residential means the real property is improved with an owner occupied single family dwelling or duplex; and

The tank is located on property used exclusively for residential purposes at the time of discovery of the unauthorized release; or the tank located at the residence, has a capacity of 1,100 gallons or less and has been exclusively used since January 1, 1985, to store home heating oil for consumptive use on the premises where stored; and

The property where the tank is or has been located since January 1, 1985, was not used for agricultural purposes on or after January 1, 1985; and

The tank is not located on a farm and primarily used to store motor vehicle fuel for agricultural purposes or for resale; and

The tank has not been used for agricultural purposes or to store petroleum for resale since January 1, 1985.

Reference: CCR 2811.1(a)(1) and 2804

Priority Class B - Small Business. When determining what constitutes a "small business," the Fund applies both the Health and Safety Code Section 1896 of Title 2 published by the Department of General Services, Office of Small and Minority Business. The Fund applies both the regulations and Office of Small and Minority Business interpretations and applications of the regulations as closely as possible.

A "small business" is one in which the principal office is located in California, and the owners (or officers in the case of a corporation) are domiciled in California, and which is independently owned and operated, and which is not dominant in its field of operation. Under applicable statutes and OSMB regulations, qualification as a "small business" depends in part on the "gross receipts" of the business concern involved, including affiliates of the applicant.

Local governmental entities and nonprofit organizations that have total annual revenues of less than \$7 million are eligible for priority class B.

Reference: CCR 2811.1(a)(2)

Priority Class C - Other Business. The third priority is given to UST owners and operators of a business that meets all the following conditions:

1. Employs fewer than 500 full-time and part-time employees; and
2. Is independently owned and operated; and
3. Is not dominant in its field of operation; and
4. The principal office is located in California; and
5. All officers/owners of the business are domiciled in California.

Local governmental entities and nonprofit organizations that exceed the \$7 million limit for class B but have less than 500 full-time and part-time employees are eligible for priority class C.

Reference: CCR 2811.1(a)(3)

Priority Class D - All Other Claims. This class is for owners and operators of USTs that do not meet the requirements for priority class A, B or C.

Reference: CCR 2811.1(a)(4)

WHAT TYPE OF INSURANCE COVERAGE IS NEEDED?

Insurance may be in the form of a separate insurance policy (pollution liability coverage) or an endorsement to an existing policy. To cover all aspects of financial responsibility under one mechanism, the insurance policy must cover both taking corrective action, and compensating third parties for bodily injury and property damage caused by accidental releases arising from the operation of petroleum USTs (refer to CFR 280.97 for the specific coverage requirements). The coverage limits are determined by the per occurrence and annual aggregate requirements of each owner or operator. General liability coverage does not cover underground storage tanks.

The insurance policy must be issued by an insurer or a risk retention group that at minimum, is licensed to transact the business of insurance or eligible to provide insurance as an excess or surplus lines insurer in one or more states.

Reference: CCR 2807 and 2808
CFR 280.97 and 280.93

CAN I CHANGE MECHANISMS?

Yes, an owner or operator may change mechanisms. However, when substituting one mechanism for another, the owner/operator needs to ensure there is no lapse in coverage, and that the scope of coverage is maintained. The scope of coverage means demonstrating financial responsibility for taking corrective action and for compensating third parties for bodily injury and property damage caused by accidental releases arising from the operation of petroleum USTs.

After obtaining alternate coverage, the owner or operator may cancel a mechanism by giving notice to the provider. The owner or operator then must notify the local regulator(s) of the change by updating and submitting a Certification of Financial Responsibility (see Exhibit A).

Reference: CFR 280.108
CCR 2809.1

WHAT HAPPENS IF COVERAGE IS CANCELED?

A provider of financial assurance may cancel or fail to renew a mechanism by sending a notice of termination by certified mail to the owner or operator.

1. Termination of a guarantee, a local government guarantee, a surety bond, or a letter of credit may not occur until 120 days after the owner or operator receives notification.

2. Termination of insurance or risk retention coverage, except for non-payment or misrepresentation by the insured, or state-funded assurance, may not occur until 60 days after the owner or operator receives notification. Termination for non-payment of premium or misrepresentation by the insured may not occur until a minimum of 10 days after the owner or operator receives notice of termination.

The owner or operator has 60 days in which to obtain alternate coverage. If he fails to get alternate coverage within that time period, he must notify the local regulatory agency or the State Water Resources Control Board of such failure and submit:

1. The name and address of the provider of financial assurance;
2. The effective date of termination; and
3. Evidence of the financial assurance mechanism subject to termination.

Reference: CFR 280.109

WHAT ARE THE REPORTING REQUIREMENTS?

An owner or operator must notify the local regulatory agency of financial responsibility compliance by submitting a completed Certification of Financial Responsibility (see Exhibit A), and by submitting a copy of the mechanism(s) upon request of the regulatory agency(ies). The time frames for submitting financial responsibility information to the local regulators are as listed below:

1. Within 45 days of the compliance date (refer to Compliance Dates);
2. When applying for an initial permit to operate a new UST;
3. At the time of permit renewal;
4. Within 30 days of an unauthorized release or suspected release of petroleum which must be reported under CCR Article 5, Chapter 16, Title 23;
5. As required by the Federal Act;
6. Whenever requested by the regulatory agency.

Reference: CFR 280.110
CCR 2809

WHAT ARE THE RECORD KEEPING REQUIREMENTS?

Owners and operators must maintain evidence of all mechanisms and amendments used to show financial responsibility and a completed Certification of Financial Responsibility at the UST site or the owner's or operator's place of business. A completed Certification of Financial Responsibility must be on file with the regulatory agency. This Certification needs to be updated whenever the mechanisms used to show financial responsibility change and at the time of permit renewal.

Reference: CFR 280.111
CCR 2809.1

WHAT MUST I DO IN CASE OF BANKRUPTCY?

1. Within 10 days after voluntary or involuntary proceedings of Title 11 (Bankruptcy) have begun the owner or operator must notify the State Water Resources Control Board, UST Cleanup Fund, by certified mail of such proceedings and submit a copy of the financial responsibility mechanism(s) documenting current financial responsibility compliance.
2. A guarantor must notify the owner or operator by certified mail within 10 days after voluntary or involuntary proceedings of Title 11, as required by the terms of the guarantee as specified in CFR 280.96.
3. An owner or operator will be deemed to be without required financial responsibility in the event of a bankruptcy or incapacity of its assurance provider, or a suspension or revocation of the authority of the provider, (except those using a financial test of self-insurance). The owner or operator must obtain alternate financial assurance within 30 days after notification. If the owner or operator does not obtain alternate coverage within 30 days he must notify the regulatory agency.
4. The owner or operator has 30 days to obtain alternate approved mechanisms after notification that the State UST Cleanup Fund has become incapable of paying for assured corrective action or third-party compensation costs.

Reference: CFR 280.114

DRAWING UPON FINANCIAL ASSURANCE MECHANISMS

The State Water Resources Control Board (SWRCB) shall require the guarantor, the surety or the institution issuing a letter of credit to place the amount of funds stipulated

by the SWRCB, up to the limit provided by the mechanism, into the standby trust as specified in CFR 280.112. Please refer to Exhibit E, the federal regulations, which specify under what conditions the mechanisms will be drawn.

Reference: CFR 280.112

HOW ARE FINANCIAL ASSURANCE MECHANISMS REPLENISHED?

If at any time after a standby trust is funded, upon the instruction of the SWRCB, and the amount in the standby trust is reduced below the full amount of required coverage, the owner or operator shall, by the anniversary date of the financial assurance mechanism from which the funds were drawn:

1. Replenish the value of financial assurance to equal the full amount of coverage required; or
2. Acquire another financial assurance mechanism for the amount by which funds in the standby trust have been reduced.

Reference: CFR 280.115

WHAT ARE THE BENEFICIARY REQUIREMENTS?

Several mechanisms have a beneficiary requirement. If an owner or operator uses a surety bond, letter of credit, or trust fund, the following beneficiaries must be named:

Regional Administrator
EPA, Region 9
75 Hawthorne Street
San Francisco, CA 94105

State Water Resources Control Board
Division of Clean Water Programs
UST Cleanup Fund
2014 T Street, Ste. 130
P.O. Box 944212
Sacramento, CA 94244-2120

The State (as beneficiary) requires an original of the mechanism be sent to the above state address.

WHEN AM I RELEASED FROM FINANCIAL RESPONSIBILITY REQUIREMENTS?

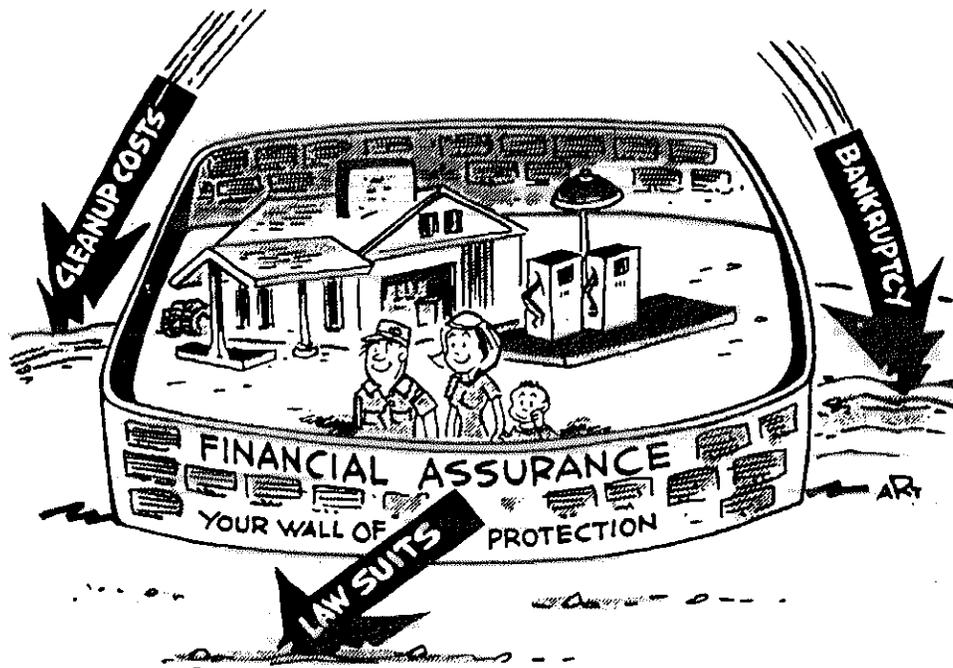
An owner or operator is no longer required to maintain financial responsibility after the tank has been properly closed or, if corrective action is required, after corrective action has been completed and the tank has been properly closed.

Reference: CFR 280.113
CCR 2806

WHAT HAPPENS IF I DON'T COMPLY?

The owner and/or operator risk their eligibility to apply to the Fund for reimbursement if they are not in compliance with the financial responsibility requirements. And, any person who violates any requirement of Article 3 (Financial Responsibility) beginning with Section 25299.30 of the Health and Safety Code is liable for a civil penalty of not more than \$10,000 for each underground storage tank for each day of violation. The state or a local agency may bring an action in superior court to impose the civil penalty.

Reference: H&SC 25299 and 25299.76



DESCRIPTION OF APPROVED FINANCIAL RESPONSIBILITY MECHANISMS

The approved mechanisms described below are the only methods UST owners and operators may use to show financial responsibility. The mechanisms may be used separately or in any combination to show the required coverage.

Each mechanism has specific wording that must be used, therefore, the Code of Federal Regulations (CFR) section is included with each mechanism description (refer to Exhibit E).

FINANCIAL TEST OF SELF-INSURANCE (CFR Section 280.95)

An owner or operator, and/or a guarantor must pass the financial test of self-insurance based on year-end financial statements for the latest completed fiscal year. The owner or operator must have a tangible net worth of at least \$10 million. The Chief Financial Officer letter is required and must be signed by the designated chief financial officer indicating all requirements of self-insurance have been met. An owner or operator may use self-insurance in combination with a guarantor only if, the financial statements of the owner or operator are not consolidated with the financial statements of the guarantor.

The Certification of Financial Responsibility (Exhibit A) must be completed and sent to the local regulatory agency(ies). A copy of the Certification must be maintained at each facility. The owner or operator must maintain a copy of the Chief Financial Officer Letter based on the most recent year end financial statements. Such evidence must be on file no later than 120 days after the close of each financial reporting year.

GUARANTEE (CFR 280.96)

A guarantee is a promise by the third party to fund a standby trust fund if ordered by the State Water Resources Control Board. A guarantee is issued by a third party who has a significant business interest in the operations of the UST owner or operator. Guarantees will be called when and if the owner or operator is insolvent. Guarantors must qualify each fiscal year for self-insurance using the financial test specified in CFR Section 280.95.

The Certification of Financial Responsibility (Exhibit A) must be completed and sent to the local regulatory agency(ies). A copy of the Certification must be maintained at

each facility. An owner or operator must maintain a copy of the Chief Financial Officer Letter based on the most recent year end financial statements. Such evidence must be on file no later than 120 days after the close of each financial reporting year.

INSURANCE AND RISK RETENTION GROUP (CFR Section 280.97)

An owner or operator may satisfy the financial responsibility requirements by obtaining liability insurance from a qualified insurer or risk retention group. This insurance must conform to the federal requirements and may be in the form of a separate pollution liability insurance policy or an endorsement to an existing insurance policy. The insurer must be licensed to transact the business of insurance or eligible to provide insurance as an excess or surplus lines insurer in one or more states.

The Certification of Financial Responsibility (Exhibit A) must be completed and sent to the local regulatory agency(ies). A copy of the Certification must be maintained at each facility. The owner or operator must maintain a copy of the signed/executed policy with the endorsement or certificate of insurance and any amendments to the policy at the place of business.

SURETY BOND (CFR Section 280.98)

A UST owner or operator may obtain a surety bond that conforms to the federal requirements. The surety company issuing the bond must be among those listed as acceptable sureties on federal bonds in the latest Circular 570 of the U.S. Department of the Treasury.

The surety must be an admitted surety insurer, and entity to which the California Insurance Commissioner has issued a Certificate of Authority to transact surety insurance in this state. The State of California requires the surety's signature to be under oath.

Under the terms of the bond, the surety will become liable on the bond obligation when the owner or operator fails to perform as guaranteed by the bond (failure to perform corrective action). When a surety is called, the standby trust fund is immediately funded, as stipulated in the agreement. Unlike insurance, the use of a surety does not transfer the obligation from the owner or operator to the surety. Instead the owner or operator must repay any amounts advanced under the surety. In all cases, the surety's liability is limited to the per occurrence and annual aggregate penal sums.

The owner or operator must send a copy of the executed surety bond and any amendments to the State Water Resources Control Board, UST Cleanup Fund.

The Certification of Financial Responsibility (Exhibit A) must be completed and sent to the local regulatory agency(ies). A copy of the Certification must be maintained at each facility. An owner or operator must maintain a copy of the signed/executed surety bond and any amendments.

LETTER OF CREDIT (CFR Section 280.99)

An irrevocable letter of credit is a contract between three parties; the issuer (typically a bank), the principal (the UST owner or operator), and the third party (State Water Resources Control Board) the implementing agency. The issuing institution must be an entity that has the authority to issue letters of credit in each state where used and whose letter of credit operations are regulated and examined by a federal or state agency.

A standby trust fund must be set up when the irrevocable letter of credit is acquired.

The State Water Resources Control Board receives a completed Certification of Financial Responsibility, a signed original of the letter of credit and the standby trust fund and any amendments. The Certification of Financial Responsibility (Exhibit A) must be completed and sent to the local regulatory agency(ies). A copy of the Certification must be maintained at each facility. The owner or operator must maintain a copy of the signed irrevocable letter of credit, any amendments, plus the standby trust fund.

STATE FUND OR OTHER STATE ASSURANCE (CFR Section 280.101)

The Underground Storage Tank Cleanup Fund is a reimbursement program. An owner or operator using the Fund to demonstrate financial responsibility is liable for all costs of corrective action and/or third party compensation pending reimbursement from the Fund.

Provided that an owner or operator is in compliance with the financial responsibility requirements, and meets all requirements for payment from the Fund, subject to the availability of funds, the Fund will reimburse the owner or operator for the reasonable and necessary costs of corrective action and/or third party compensation costs incurred by the owner or operator.

Reference: CCR 2808.3

H&SC 25299.32(a), 25299.57(a) and (d), 25299.58, 25299.59(e) and 25299.77

As an alternative to, or in conjunction with mechanisms authorized by the Federal Act, an owner or operator may demonstrate financial responsibility of up to \$1 million through use of the Fund.

In order to use the Fund as a basis for showing financial responsibility for taking corrective action and for compensating third parties for bodily injury and property damage, an owner or operator must at all times:

1. Demonstrate financial responsibility of at least the following amount per occurrence and per annual aggregate coverage exclusive of the Fund:

<u>PRIORITY CLASS</u>	<u>FINANCIAL RESPONSIBILITY AMOUNT</u>
Priority Class A	\$ -0-
Priority Class B	\$ 5,000
Priority Class C	\$ 5,000
Priority Class D	\$10,000

Reference: H&SC 25299.31, 25299.32, 25299.33, 25299.58(d) and 25299.77

2. Demonstrate financial responsibility for any required amount above the \$1 million, exclusive of the Fund, for those owner and operators required to comply with the provisions of CCR Section 2807(d). (This pertains to owners or operators that have 101 or more tanks and must show a minimum of \$2 million annual aggregate coverage.)

Reference: CCR 2808.1(a)(2), 2807(d)

3. Maintain eligibility to participate in the Fund. (The owner or operator must be in compliance with UST laws and regulations.)

Reference: CCR 2808.1(a)(3)
H&SC Chapter 6.7

The State Water Resources Control Board has approved two mechanisms that may be used in conjunction with the Fund for the amount the owner or operator must show, exclusive of the Fund. The two methods are as follows:

1. **Letter from Chief Financial Officer**

For an owner or operator to use the Letter from Chief Financial Officer, she/he must be able to show a tangible net worth of at least ten times the deductible amount. (Example: The owner or operator deductible amount is \$5,000, therefore, the tangible net worth must be at least \$50,000, or ten times the deductible amount. (Refer to Exhibit B)

Reference: CCR 2808.1(d)(a)(2)

2. Certificate of Deposit (CD)

An owner or operator may take out a CD for the deductible amount. The CD must be made payable to the State Water Resources Control Board. A Certificate of Deposit Agreement must be completed and signed by the owner or operator. The original CD, the signed Agreement and a completed Certification of Financial Responsibility must be sent to the State Water Resources Control Board. (Please contact the State Water Resources Control Board for the CD Agreement and additional information regarding use of the CD.)

The Certification of Financial Responsibility (Exhibit A) must be completed and sent to the local regulatory agency(ies). A copy of the Certification must be maintained at each facility. The owner or operator must maintain a copy of the mechanism(s) used to cover the owner's or operator's limits, exclusive of the Fund. When the coverage methods, such as certificate of deposit, letter of credit, or surety bond show the State Water Resources Control Board as the beneficiary or payee, we require the original signed documents and amendments.

TRUST FUND (CFR Section 280.102)

Under a funded trust fund, money for corrective action and third party liability costs are held and administered by an impartial third party, a trustee. The trustee must be an entity that has the authority to act as a trustee and whose trust operations are regulated and examined by a federal agency or an agency of the state in which the fund is established.

The wording of the trust agreement must be identical to the wording specified in CFR Section 280.103(b)(1), and must be accompanied by a formal certification of acknowledgment as specified in CFR Section 280.103(b)(2).

The owner or operator must send a signed original of the standby trust and the formal certification of acknowledgment to the State Water Resources Control Board, Division of Clean Water Programs, the implementing agency.

The Certification of Financial Responsibility (Exhibit A) must be completed and sent to the local regulatory agency(ies). The owner or operator must maintain the Certification form at each facility. The owner or operator must maintain a copy of the signed trust fund and the formal certification of acknowledgment and any amendments.

STANDBY TRUST FUND (CFR Section 280.103)

A standby trust fund cannot be used alone as a financial assurance mechanism. It must be used in conjunction with either a guarantee (CFR 280.96), surety bond (CFR 280.98), letter of credit (CFR 280.99) or a trust fund (CFR 280.102). A standby trust fund must be established at the time the funding mechanism is acquired. The trustee shall be an entity that has the authority to act as a trustee and whose trust operations are regulated and examined by a federal agency or an agency of the state in which the fund is established.

LOCAL GOVERNMENTAL ENTITY MECHANISMS

Local governmental entities have four mechanisms, in addition to the above mentioned methods, which they may use to demonstrate financial responsibility. Each of the mechanisms has specific wording requirements. Refer to the appropriate CFR section for more information regarding each mechanism. (Refer to Exhibit E)

LOCAL GOVERNMENT BOND RATING TEST (CFR Section 280.104)

A general purpose local government owner or operator and/or local government serving as a guarantor may satisfy the financial assurance requirements by having a currently outstanding issue or issues of general obligation bonds of \$1 million or more, excluding refunded obligations, with a Moody's rating of Aaa, Aa, A, or Baa, or a Standard & Poor's rating of AAA, AA, A, or BBB. Where a local government has multiple outstanding issues, or where a local government's bonds are rated by both Moody's and Standard & Poor's, the lowest rating must be used to determine eligibility. Bonds that are backed by credit enhancement, other than municipal bond insurance, may not be considered in determining the amount of applicable bonds outstanding.

A local government owner or operator or local government serving as a guarantor that is not a general-purpose local government and does not have the legal authority to issue general obligation bonds, may satisfy the requirements by having a currently outstanding issue or issues of revenue bonds of \$1 million or more, excluding refunded issues and by also having Moody's rating of Aaa, Aa, A, or Baa, or a Standard & Poor's rating of AAA, AA, A, or BBB as the lowest rating for any rated revenue bond issued by the local government. Where bonds are rated by both Moody's and Standard & Poor's, the lower rating for each bond must be used to determine eligibility. Bonds that are backed by credit enhancement may not be considered in determining the amount of applicable bonds outstanding.

The local government owner or operator and/or guarantor must maintain a copy of its bond rating published within the last 12 months by Moody's or Standard & Poor's.

If a local government using the bond rating test finds that it no longer meets the bond rating test, the local government owner or operator must obtain alternative coverage within 150 days of the change in status.

The Certification of Financial Responsibility must be completed and sent to the local regulatory agency(ies). A copy of the Certification must be maintained at each site. The owner or operator must maintain a copy of the current bond rating and letter from the chief financial officer at its place of business.

LOCAL GOVERNMENT FINANCIAL TEST (CFR Section 280.105)

To be eligible to use the financial test, the local government owner or operator must have the ability and authority to assess and levy taxes or to freely establish fees and charges. To pass the local government financial test, the owner or operator must meet the criteria of the year-end financial statements, if independently audited, cannot include an adverse auditor's opinion or a disclaimer of opinion. The local government cannot have outstanding issues of general obligation or revenue bonds that are rated as less than investment grade, and a letter, with specific wording, signed by the chief financial officer.

The Certification of Financial Responsibility (Exhibit A) must be completed and sent to the local regulatory agency(ies). The owner or operator must maintain the Certification at the UST site and an updated copy of the financial test and letter from the chief financial officer at its place of business.

LOCAL GOVERNMENT GUARANTEE (CFR Section 280.106)

A local government may obtain a guarantee that meets the requirements of CFR section 280.106. The guarantor must be either the state in which the local government owner or operator is located or a local government having a "substantial governmental relationship" with the owner and operator and issuing the guarantee as an act incident to that relationship. A local government acting as the guarantor must:

1. Demonstrate that it meets the bond rating test requirement of CFR 280.104 and deliver a copy of the chief financial officer letter to the owner or operator; or

2. Demonstrate that it meets the worksheet test requirements of CFR 280.105 and deliver a copy of the chief financial officer letter to the owner or operator; or
3. Demonstrate that it meets the local government fund requirements of CFR 280.107(a) or (b) or (c) and deliver a copy of the chief financial officer letter to the owner or operator.

The Certification of Financial Responsibility (Exhibit A) must be completed and sent to the local regulatory agency(ies). The owner or operator must maintain the Certification at the UST site, a copy of the mechanism and a signed standby trust fund agreement and any amendments to the agreement.

LOCAL GOVERNMENT FUND (CFR Section 280.107)

A local government owner or operator may meet financial responsibility requirements by establishing a dedicated fund account. A dedicated fund will be eligible if it meets one of the following requirements:

- A. The fund is dedicated by state constitutional provisions; or local government statute, charter, ordinance, or order to pay for taking corrective action and for compensating third parties for bodily injury and property damage caused by accidental releases arising from the operation of petroleum USTs and is funded for the full amount of required coverage, or funded for part of the required amount and used in combination with other mechanism(s) that provide the remaining coverage; or
- B. The fund is dedicated by state constitutional provision; or local governments statute, charter, ordinance, or order as a contingency fund for general emergencies, including taking corrective action and compensating third parties for bodily injury and property damage caused by accidental releases arising from the operation of petroleum USTs, and is funded for five (5) times the full amount of coverage required under CFR 280.93, or funded for part of the required amount of coverage and used in combination with other mechanism(s). If the fund is funded for less than five times the amount of coverage required, the amount of financial responsibility demonstrated by the fund may not exceed one-fifth the amount in the fund; or
- C. The fund is dedicated by state constitutional provision, or local government statute, charter, ordinance or order to pay for taking corrective action and compensating third parties from the operation of USTs. A payment is made.

to the fund once every year for seven years until the fund is fully-funded. This seven (7) year period is hereafter referred to as the "pay-in-period". The amount of each payment must be determined by this formula:

$$\frac{TF-CF}{Y}$$

TF is the total required financial assurance, CF is the current amount in the fund, and Y is the number of years remaining in the pay-in-period; and

1. The local government owner or operator has available bonding authority, approved through voter referendum (if such approval is necessary prior to the issuance of bonds), for an amount equal to the difference between the required amount of coverage and the amount held in the dedicated fund. This bonding authority shall be available for taking corrective action and third party compensation.
2. The local government owner or operator has a letter signed by the appropriate state attorney general stating that the use of the bonding authority will not increase the local government's debt beyond the legal debt ceilings established by the relevant state laws. The letter must also state that prior voter approval is not necessary before use of the bonding authority.

The Certification of Financial Responsibility (Exhibit A) must be completed and sent to the local regulatory agency(ies). The owner or operator must maintain the Certification at the UST site and the following at its place of business:

1. A copy of the state constitutional provision or local government statute, charter, ordinance, or order dedicating the fund, and
2. Year-end financial statements for the most recent completed financial reporting year showing the amount in the fund. If the fund is established under CFR 280.107(a)(3) using incremental funding backed by bonding authority, the financial statements must show the previous year's balance, the amount of funding during the year, and the closing balance in the fund.
3. If the fund is established under CFR 280.107(a)(3) using incremental funding backed by bonding authority, the owner or operator must also maintain documentation of the required bonding authority, including either the results of a voter referendum, or attestation by the State Attorney General as specified under CFR 28.107(a)(3)(ii).



State of California
 State Water Resources Control Board
 Division of Clean Water Programs
 P.O. Box 944212
 Sacramento, CA 94244-2120

(Instructions on reverse)

For State Use Only

CERTIFICATION OF FINANCIAL RESPONSIBILITY

FOR UNDERGROUND STORAGE TANKS CONTAINING PETROLEUM

A. I am required to demonstrate Financial Responsibility in the required amounts as specified in Section 2807, Chapter 18, Div. 3, Title 23, CCR:

- 500,000 dollars per occurrence
 or
 1 million dollars per occurrence
- AND
- 1 million dollars annual aggregate
 or
 2 million dollars annual aggregate

B. _____ hereby certifies that it is in compliance with the requirements of Section 2807,

(Name of Tank Owner or Operator)

Article 3, Chapter 18, Division 3, Title 23, California Code of Regulations.

The mechanisms used to demonstrate financial responsibility as required by Section 2807 are as follows:

C. Mechanism Type	Name and Address of Issuer	Mechanism Number	Coverage Amount	Coverage Period	Corrective Action	Third Party Comp.

Note: If you are using the State Fund as any part of your demonstration of financial responsibility, your execution and submission of this certification also certifies that you are in compliance with all conditions for participation in the Fund.

D. Facility Name	Facility Address	
Facility Name	Facility Address	
Facility Name	Facility Address	
Facility Name	Facility Address	
E. Signature of Tank Owner or Operator	Date	Name and Title of Tank Owner or Operator
Signature of Witness or Notary	Date	Name of Witness or Notary

INSTRUCTIONS

CERTIFICATION OF FINANCIAL RESPONSIBILITY

Please type or print information clearly. All UST sites owned or operated may be listed on one form, therefore, a separate certification is not required for each site.

DOCUMENT INFORMATION

- A. **Coverage Required** Check the appropriate boxes.
- B. **Name of Tank Owner or Operator** Full name of either the tank owner or the operator.
- C. **Mechanism Type** Indicate which approved mechanism(s) are being used to show financial responsibility either as contained in the federal regulations, 40 CFR Part 280 Subpart H, Sections 280.93 through 280.107, or Section 2808.1 Chapter 18, Div. 3, Title 23, CCR (see Financial Responsibility Guide for more information).
- Name of Issuer** List all names and address of companies and/or individuals issuing coverage.
- Mechanism Number** List identifying number for each mechanism used. Example: insurance policy number, Letter of Credit number, etc., etc. If using the State Cleanup Fund, leave blank.
- Coverage Amount** Indicate amount of coverage for each listed mechanism. If more than one mechanism is indicated, total must equal 100% of financial responsibility for each site.
- Coverage Period** Indicate the effective date(s) of all mechanisms. State Cleanup Fund coverage is continuous as long as you maintain compliance and remain eligible to participate in the Fund.
- Corrective Action** Indicate yes or no. Does the specified financial assurance mechanism provide coverage for corrective action? It is a required coverage. If using the State Cleanup Fund, indicate "yes."
- Third Party Compensation** Indicate yes or no. Does the specified financial assurance mechanism provide coverage for corrective action? It is a required coverage. If using the State Cleanup Fund, indicate "yes."
- D. **Facility Information** Provide all facility and or site names and addresses.
- E. **Signature Block** Provide signature and date signed by tank owner or operator; printed or typed name and title of tank owner or operator; signature of witness or notary and date signed; and printed or typed name of witness or notary. (If notary signs please attach documentation.)

Where to Mail certification:

Please send original to your local agency(ies) [agency(ies) that issues the UST permits]. Keep a copy of the certification at each listed site.

Questions:

If you have questions about financial responsibility requirements or about the Certification of Financial Responsibility form, please contact the State Water Resources Control Board, Underground Storage Tank Cleanup Fund at (916) 227-4307.

Note: Penalties for Failure to Comply with Financial Responsibility Requirements:

Failure to comply may result in: 1) jeopardizing claimant eligibility for the State Cleanup Fund; and 2) liability for civil penalties of up to \$10,000 per day, per underground storage tank, for each day of violation as stated in Article 7, Section 25299.76(a) of the California Health and Safety Code.



State of California
 State Water Resources Control Board
 Division of Clean Water Programs
 P.O. Box 944212
 Sacramento, CA 94244-2120

For State Use Only

(Instructions on reverse)

CERTIFICATION OF FINANCIAL RESPONSIBILITY

FOR UNDERGROUND STORAGE TANKS CONTAINING PETROLEUM

A. I am required to demonstrate Financial Responsibility in the required amounts as specified in Section 2807, Chapter 18, Div. 3, Title 23, CCR:

\$10,000 dollars per occurrence

1 million dollars annual aggregate

AND

or

1 million dollars per occurrence

2 million dollars annual aggregate

B. **Make Believe Co.** hereby certifies that it is in compliance with the requirements of Section 2807,

(Name of Tank Owner or Operator)

Article 3, Chapter 18, Division 3, Title 23 of California Code of Regulations.

The mechanisms used to demonstrate financial responsibility as required by Section 2807 are as follows:

C. Mechanism Type	Name and Address of Issuer	Mechanism Number	Coverage Amount	Coverage Period	Corrective Action	Third Party Comp.
State UST Fund	State UST Cleanup Fund P.O. Box 944212 Sacramento, CA 94244-2120	N/A for UST Cleanup Fund	\$995,000 Per Occurrence and Annual Aggregate	State UST Cleanup Fund Continuous	YES	YES
Chief Financial Officer Letter	Make Believe Co. 123 Tank Street Fund City, CA 90001	N/A for this mechanism	\$5,000 Per Occurrence and Annual Aggregate	Annual	YES	YES

NOTE:

This is a sample certification of a petroleum UST owner or operator using the State Cleanup Fund as the financial responsibility mechanism, in conjunction with the state alternative mechanism "Letter from Chief Financial Officer." For additional information and requirements refer to Title 23, Chapter 18, of the California Code of Regulations and Chapter 6.75 of the California Health and Safety Code.

Note: If you are using the State Fund as any part of your demonstration of financial responsibility, your execution and submission of this certification also certifies that you are in compliance with all conditions for participation in the Fund.

D. Facility Name	Make Believe Co. Station #1 123 Tank Street Fund City, CA 90001	Facility Address
Facility Name	Make Believe Co. Station #2 200 Site Avenue Fund City, CA 90002	Facility Address
Facility Name		Facility Address
Facility Name		Facility Address

E. Signature of Tank Owner or Operator	Date	Name and Title of Tank Owner or Operator
<i>Rhea Cycle</i>	7-3-95	Rhea Cycle - Owner
Signature of Witness or Notary	Date	Name of Witness or Notary
<i>Tom Storage</i>	7-3-95	Tom Storage

CFR (Revised 04/95)

FILE: Original - Local Agency Copies - Facility/Site(s)

The Chief Financial Officer or the owner or operator must sign, under penalty of perjury, a letter worded EXACTLY as follows or you may complete this letter by filling in the blanks with appropriate information:

LETTER FROM CHIEF FINANCIAL OFFICER

I am the Chief Financial Officer _____
(Business name, business address, and correspondence address of owner or operator)

This letter is in support of the use of the **Underground Storage Tank Cleanup Fund** to demonstrate financial responsibility for taking corrective action and/or compensating third parties for bodily injury and property damage caused by an unauthorized release of petroleum in the amount of at least \$ _____ per occurrence and \$ _____ annual aggregate coverage.
(Dollar Amount) (Dollar Amount)

Underground storage tanks at the following facilities are assured by this letter:

(Name and address of each facility for which financial responsibility is being demonstrated.)

- 1. Amount of annual aggregate coverage being assured by this letter..... \$ _____
- 2. Total tangible assets..... \$ _____
- 3. Total liabilities..... \$ _____
- 4. Tangible net worth (subtract line 3 from line 2. Line 4 must be at least 10 times line 1)..... \$ _____

I hereby certify that the wording of this letter is identical to the wording specified in subsection 2808.1(d)(1), Chapter 18, Division 3, Title 23 of the California Code of Regulations.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Executed at _____
(Place of Execution)

On _____
(Date)

(Signature)

(Printed Name)

(Title)

NOTE: Effective July 1, 1995, California Small Businesses and California Businesses with 500 employees or less must demonstrate at least \$5,000, exclusive of the UST Cleanup Fund, businesses with over 500 employees must demonstrate at least \$10,000. (Chap. 6.75 H&SC, Sect. 25299.32)

The Chief Financial Officer or the owner or operator must sign, under penalty of perjury, a letter worded EXACTLY as follows or you may complete this letter by filling in the blanks with appropriate information:

LETTER FROM CHIEF FINANCIAL OFFICER

I am the Chief Financial Officer for MAKE BELIEVE CO., 123 TANK STREET
(Business name, business address, and correspondence address of owner or operator)
FUND CITY, CA 90001; P. O. BOX 100, FUND CITY, CA 90001

This letter is in support of the use of the **Underground Storage Tank Cleanup Fund** to demonstrate financial responsibility for taking corrective action and/or compensating third parties for bodily injury and property damage caused by an unauthorized release of petroleum in the amount of at least \$ 5,000 per occurrence and \$ 5,000 annual aggregate coverage.
(Dollar Amount) (Dollar Amount)

Underground storage tanks at the following facilities are assured by this letter:

MAKE BELIEVE CO., STATION #1, 123 TANK ST., FUND CITY, CA 90001 and
(Name and address of each facility for which financial responsibility is being demonstrated.)
MAKE BELIEVE CO., STATION #2, 789 SITE AVE., FUND CITY, CA 90002

1. Amount of annual aggregate coverage being assured by this letter..... \$ 5,000
2. Total tangible assets..... \$ (Asset Figures)
3. Total liabilities..... \$ (Liability Figures)
4. Tangible net worth (subtract line 3 from line 2. Line 4 must be at least 10 times line 1)..... \$ (Net Worth Figures)

I hereby certify that the wording of this letter is identical to the wording specified in subsection 2808.1(d)(1), Chapter 18, Division 3, Title 23 of the California Code of Regulations.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Executed at FUND CITY, CA
(Place of Execution)

On JULY 3, 1995
(Date)

Rhea Cycle
(Signature)
RHEA CYCLE
(Printed Name)
OWNER
(Title)

EXHIBIT C

STATE WATER RESOURCES CONTROL BOARD
 UNDERGROUND STORAGE TANK PROGRAM
 LOCAL REGULATORY CITY AGENCIES

CITY	PUBLIC AGENCY	PHONE
ANAHEIM	FIRE PREVENTION DIV.	(714) 254-4040
BAKERSFIELD	FIRE DEPARTMENT	(805) 326-3979
BERKELEY	TOXICS PROGRAM DIV.	(510) 644-7719
BURBANK	FIRE DEPARTMENT	(818) 953-8771
CAMPBELL	CENTRAL FIRE PREV. DISTRICT	(408) 378-4010
CUPERTINO	CENTRAL FIRE DISTRICT	(408) 378-4010
FREMONT	FIRE PREVENTION BUREAU	(510) 494-4279
FULLERTON	FIRE DEPT. UST SECTION	(714) 738-3160
GILROY	FIRE DEPARTMENT	(408) 848-0430
GLENDALE	FIRE DEPARTMENT	(818) 548-4030
HAYWARD	FIRE DEPARTMENT	(510) 293-8695
HEALDSBURG	FIRE DEPARTMENT	(707) 431-3360
HESPERIA	FIRE PREVENTION DEPT.	(619) 947-1603
HOLLISTER	FIRE DEPARTMENT	(408) 636-4325
LONG BEACH	FIRE DEPT. UST SECTION	(310) 570-2560
LOS ANGELES	FIRE PREV. & PUBLIC SAFETY	(213) 237-0605
LOS GATOS	CENTRAL FIRE DISTRICT	(408) 378-4010
MILPITAS	FIRE DEPT. HAZ. MAT. PROG.	(408) 942-2389
MORGAN HILL	FIRE DEPT. EMERGENCY SCVS.	(408) 776-7351
MOUNTAIN VIEW	FIRE DEPT. HAZ. MAT. PROG.	(415) 903-6378
NEWARK	FIRE DEPARTMENT	(510) 790-7254
ORANGE	FIRE DEPARTMENT	(714) 288-2541
OROVILLE	FIRE DEPARTMENT	(916) 538-2487
PALO ALTO	FIRE DEPARTMENT	(415) 329-2184
PASADENA	FIRE DEPARTMENT	(818) 405-4115
PLEASANTON	FIRE DEPARTMENT	(510) 484-8114

CITY	PUBLIC AGENCY	PHONE
ROSEVILLE	FIRE DEPARTMENT	(916) 744-5805
SAN JOSE	SAN JOSE HAZ. MAT. PROGRAM	(408) 277-4659
SAN LEANDRO	FIRE DEPARTMENT	(510) 577-3331
SAN LUIS OBISPO	FIRE DEPARTMENT	(805) 781-7380
SAN RAFAEL	FIRE DEPARTMENT	(415) 485-3308
SANTA ANA	FIRE DEPARTMENT	(714) 647-5700
SANTA CLARA	FIRE DEPARTMENT	(408) 984-3084
SANTA MONICA	ENVIRONMENTAL PROGRAMS	(310)458-8227
SANTA ROSA	FIRE DEPARTMENT	(707) 524-5311
SCOTT'S VALLEY	SCOTT'S VALLEY FIRE DISTRICT	(408)438-0211
SEASIDE	FIRE DEPARTMENT	(408) 899-6262
SEBASTOPOL	FIRE DEPARTMENT	(707)823-8061
SONOMA	FIRE DEPARTMENT	(707) 996-2102
SUNNYVALE	DEPT. OF PUBLIC SAFETY	(408) 730-7212
TORRANCE	FIRE PREVENTION DIV.	(310) 618-2973
UNION CITY	FIRE DEPT. HAZ. MAT. PROGRAM	(510) 471-1424
VALLEJO	FIRE DEPARTMENT	(707)648-4565
VENTURA	FIRE DEPARTMENT	(805) 339-4300
VERNON	ENVIRONMENTAL HEALTH	(213) 583-8811
VICTORVILLE	FIRE DEPARTMENT	(619) 955-5229
WATSONVILLE	FIRE DEPARTMENT	(408) 728-6062

EXHIBIT C
STATE WATER RESOURCES CONTROL BOARD
UNDERGROUND STORAGE TANK PROGRAM
LOCAL REGULATORY COUNTY AGENCIES

COUNTY	PUBLIC AGENCY	PHONE
ALAMEDA	ENVIRONMENTAL HEALTH	(510) 567-6700
ALPINE	HEALTH DEPARTMENT	(916) 694-2146
AMADOR	ENVIRONMENTAL HEALTH	(209) 223-6439
BUTTE	ENVIRONMENTAL HEALTH	(916) 891-2727
CALAVERAS	ENVIRONMENTAL HEALTH	(209) 754-6399
COLUSA	ENVIRONMENTAL HEALTH	(916) 458-0397
CONTRA COSTA	OCCUPATIONAL HEALTH	(510) 646-2286
DEL NORTE	PUBLIC HEALTH DEPT.	(707) 464-7227
EL DORADO	DIV. OF WASTE MANAGEMENT	(916) 621-5307
FRESNO	ENVIRONMENTAL HEALTH	(209) 445-3271
GLENN	AIR POLLUTION CONTROL DIST.	(916) 934-6500
HUMBOLDT	ENVIRONMENTAL HEALTH	(707) 441-2002
IMPERIAL	PLANNING & BUILDING INSP.	(619)339-4236
INYO	ENVIRONMENTAL HEALTH	(619) 878-2411
KERN	ENVIRONMENTAL HEALTH	(805) 861-3636
KINGS	DIV. ENVIRONMENTAL SVCS.	(208)384-1411
LAKE	ENVIRONMENTAL HEALTH DIV.	(707) 263-2222
LASSEN	DEPT. OF AGRICULTURE	(916) 257-8311
LOS ANGELES	WASTE MANAGEMENT DIV.	(818) 458-3539
MADERA	ENVIRONMENTAL HEALTH	(209) 675-7823
MARIN	WASTE MANAGEMENT	(415) 499-6647
MARIPOSA	HEALTH DEPARTMENT	(209) 966-3689
MENDOCINO	ENVIRONMENTAL HEALTH	(707) 463-4466
MERCED	ENVIRONMENTAL HEALTH	(209)385-7391
MODOC	AGRICULTURE COMMISSION	(916) 233-6401
MONO	HEALTH DEPARTMENT	(619) 932-7484
MONTEREY	ENVIRONMENTAL HEALTH	(415) 755-4541
NAPA	ENVIRONMENTAL MGMT.	(707) 253-4269
NEVADA	HEALTH DEPARTMENT	(916) 265-1452

COUNTY	PUBLIC AGENCY	PHONE
ORANGE	ENVIRONMENTAL HEALTH	(714) 667-3773
PLACER	ENVIRONMENTAL HEALTH	(916) 889-7335
PLUMAS	ENVIRONMENTAL HEALTH	(916) 283-6355
RIVERSIDE	ENVIRONMENTAL HEALTH	(909) 358-5055
SACRAMENTO	ENVIRONMENTAL MANAGEMENT	(916) 386-6160
SAN BENITO	HEALTH DEPARTMENT	(408) 637-5367
SAN BERNARDINO	ENVIRONMENTAL HEALTH SVCS.	(909) 387-3080
SAN DIEGO	ENVIRONMENTAL HEALTH, HMMD	(619) 338-2395
SAN FRANCISCO	DEPT. OF PUBLIC HEALTH	(415) 554-2775
SAN JOAQUIN	ENVIRONMENTAL HEALTH DIV.	(209) 468-3420
SAN LUIS OBISPO	ENVIRONMENTAL HEALTH	(805) 781-5544
SAN MATEO	ENVIRONMENTAL HEALTH	(415) 363-4565
SANTA BARBARA	ENVIRONMENTAL HEALTH SVCS.	(805) 681-4949
SANTA CLARA	PUBLIC HEALTH - TOXICS	(408) 299-6930
SANTA CRUZ	ENVIRONMENTAL HEALTH	(408) 454-2728
SHASTA	ENVIRONMENTAL HEALTH	(916) 225-5787
SIERRA	RURAL HEALTH SERVICES	(916) 993-6700
SISKIYOU	ENVIRONMENTAL HEALTH	(916) 842-8230
SOLANO	ENVIRONMENTAL HEALTH SVCS.	(707) 421-6770
SONOMA	PUBLIC HEALTH	(707) 525-6560
STANISLAUS	ENVIRONMENTAL RESOURCES	(209) 525-4150
SUTTER	DEPT. OF AGRICULTURE	(916) 741-7500
TEHAMA	ENVIRONMENTAL HEALTH	(916) 527-8020
TRINITY	DEPT. OF HEALTH	(916) 623-1358
TULARE	ENVIRONMENTAL HEALTH	(209)733-6441
TUOLUMNE	ENVIRONMENTAL HEALTH	(209) 533-5990
VENTURA	ENVIRONMENTAL HEALTH	(805) 654-3518
YOLO	ENVIRONMENTAL HEALTH	(916) 666-8646
YUBA	OFFICE OF EMERGENCY SVCS.	(916) 741-6254

EXHIBIT D**HEATING OIL EXCLUSION**

The federal definition of an underground storage tank (UST) excludes any tank used for storing heating oil for consumptive use on the premises where stored. The exemption has two parts that must be met. The first requirement - the stored product must meet the definition of heating oil and the second requirement - the product must meet the scope of consumptive use.

Heating oil is defined as Numbers 1, 2, 4-light, 4-heavy, 5-light, 5-heavy, or number 6 technical grades of fuel oil; residual fuel oils (including Navy Special Fuel Oil and Bunker C); and fuel oil substitutes such as kerosene and diesel fuel when used for heating purposes. For example a tank storing diesel fuel that will be burned as an alternative to one of the eight types of heating oil in a unit designed to burn heating oil is excluded from the definition of an UST. If on the other hand, the diesel fuel is being used for some other purpose, such as to power an internal combustion engine or an emergency generator, the tank would not meet this exclusion.

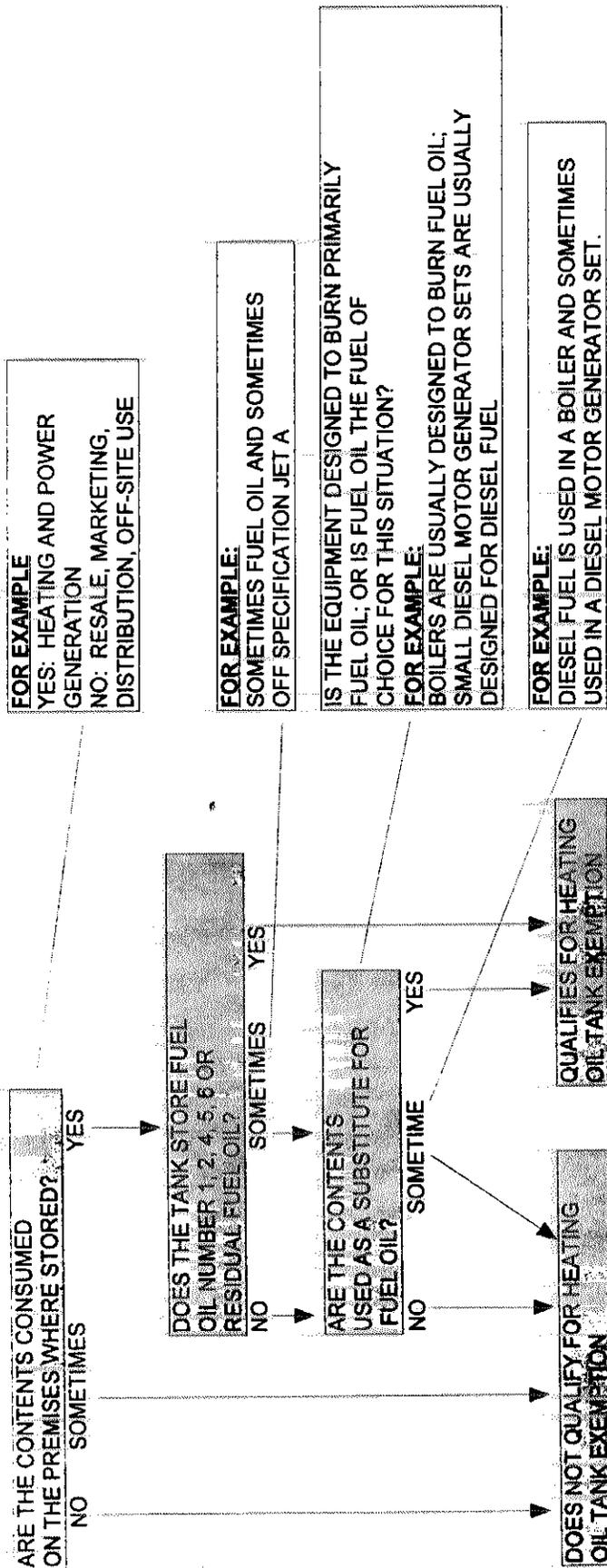
The second part of the exemption involves the meaning of consumptive use. The exclusion applies to heating oil used on the premises. This exclusion applies to tanks at residential, commercial and industrial facilities storing heating oil that is used at the same property.

The heating oil exclusion does not apply to the storage of heating oil for resale, marketing, or distribution.

Reference: 40 CFR 280 UST Technical Requirements 9/23/88

DOES MY TANK QUALIFY FOR THE HEATING OIL TANK EXEMPTION?

DECISION TREE



The above information says: IF THE PRODUCT IN YOUR TANK IS USED 100% OF THE TIME FOR HEATING PURPOSES, IS USED ON THE PREMISES ONLY, THEN YOU ARE EXEMPT FROM DEMONSTRATING FINANCIAL RESPONSIBILITY FOR THE TANK.

