

**BEFORE THE CORPORATION COMMISSION OF OKLAHOMA**

IN THE MATTER OF A PERMANENT )  
RULEMAKING OF THE OKLAHOMA )  
CORPORATION COMMISSION AMENDING )  
**OAC 165:27, INDEMNITY FUND** )

CAUSE RM NO. 201600013

**PROPOSED RULES**  
**September 20, 2016**

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CORPORATION COMMISSION  
OF OKLAHOMA

## CHAPTER 27. INDEMNITY FUND

### SUBCHAPTER 1. GENERAL PROVISIONS

#### 165:27-1-2. Definitions

In addition to the terms defined in 17 O.S. Sections 303, 352, and in OAC 165:25-1-11, 165:26-1-2, and 165:29-1-11 the following words or terms, when used in this Chapter, are the Commission's interpretation of enabling statutes and shall have the following meaning unless the context clearly indicates otherwise:

**"Actual physical damage"** means those damages to real and personal property directly related to corrective action performed on a release of petroleum from a Commission regulated storage tank system. Personal property damage is limited to the replacement value of the personal property less depreciation. Real property damage is limited to the lesser of the property value or diminution in property value directly associated with a release of regulated substances from a Commission regulated storage tank system. In no event will the Indemnity Fund reimburse speculative damages, inferred damages, unrealized damages or any other damages where damage costs are not actually incurred, paid, or otherwise established to the Commission's satisfaction. The burden of proof shall be upon the person seeking compensation from actual physical damages.

**"Administrative Application"** means an Application for eligibility and reimbursement made to the Commission by the Director of the Petroleum Storage Tank Division on behalf of an unavailable or unwilling Applicant to facilitate meeting the Program's obligation to protecting public health, safety and welfare.

**"Agent"** means a person authorized by another to act on their behalf, either out of employment or contract.

**"Allowable Costs"** means costs that are reasonable, integral and necessary to corrective action.

**"Assignment of Benefits"** means a written directive from the Applicant of Record instructing the PSTD Indemnity Fund to pay reimbursement directly to the named Assignee.

**"Assignment of Rights"** (aka "Limited Power of Attorney") means a transfer of authority granting the Assignee the legal right to act on the Assignee's behalf for specified matters.

**"Associated costs"** means expenses that are not integral to the corrective action and not subject to reimbursement.

**"Chemicals of Concern ("COC")** means chemicals that may pose a threat to human health and the environment.

**"Claim or Claims"** means a properly submitted request for reimbursement from the Fund for an SOR or eligible case when the co-pay is paid.

**"Closed file"** means a file for which final resolution has been made of all invoices submitted for corrective action taken under an application for reimbursement from the Indemnity Fund.

**"Commission or OCC"** means the Oklahoma Corporation Commission.

**"Confirmed Release"** means a release of petroleum a regulated substance from a regulated storage tank system resulting in levels of chemicals of concern in native soils and/or groundwater that exceed state action levels, free product, contaminated soils or groundwater that exceed state action levels, organic vapor readings significantly above background levels, petroleum staining or odors or any other indication that a release has occurred that could be harmful to human

health, safety or the environment and to which a PSTD case number is assigned and further corrective action is required.

**"Contamination"** means pollution in the native environment caused by a release of a regulated substance above action levels for that substance as set by the Commission.

**"Disbursement"** includes all monies, actually paid, expended, encumbered, reserved or attributable to a reimbursable event(s).

**"Dispenser"** means equipment, gauge(s), hose(s), nozzle(s), immediately associated pipe or fittings and other such appurtenances located aboveground and intended for dispensing PSTD-regulated substances from a tank system.

**"Electronic signature"** means any information in digital form that is included in or logically associated with an electronic document for the purpose of expressing the same meaning and intention as would a handwritten signature if affixed to an equivalent paper document with the same reference to the same content.

**"Eligible Person"** means the party who has made application to the Indemnity Fund and met applicable criteria to become eligible to receive reimbursement on an OCC confirmed release, and who has been issued an Eligibility Letter from the Indemnity Fund. An eligible person may be an impacted party or adjacent owner.

**"Eligible Release"** means a suspicion of release or confirmed release of a petroleum product that qualifies for Indemnity Fund reimbursement once Fund eligibility and/or reimbursement, and generally includes only those products and/or a release from a storage tank system regulated by the OCC has been determined.

**"Fund"** means the Petroleum Storage Tank Indemnity Fund.

**"Impacted Party"** means an owner whose property has been impacted by a release from an on-site or off-site petroleum storage tank system that was never owned or operated by the impacted party and who has no OCC regulatory responsibility. An Impacted Party can apply for Fund eligibility and reimbursement, and the Fund deductible is not applicable.

**"Investigation"** means activities taken to identify, confirm, monitor or delineate the physical extent of a release and which result in the selection of an appropriate means to remediate a release and specific design criteria for such remediation upon currently used costing programs and/or reasonable competitive bids.

**"Licensed Environmental Consultant"** means an individual who has a current license issued by the PSTD to perform corrective action.

**"Medical injury(ies)"** means actual physical injury to a person in which medical costs have been incurred in association with the diagnosis and treatment of a physical injury directly caused by corrective action performed on a release of petroleum from a Commission regulated storage tank system.

**"Occurrence"** means the release of a PSTD regulated substance into the soil or groundwater. Each PSTD regulated substance will be treated as one occurrence regardless of the composition of the substance released. Separate occurrences of the same PSTD regulated substance may be allowed if evidence establishes the PSTD regulated substance occurred in two different tank system locations, are separated by time, or both.

**"Pay for Performance (PFP)"** means a process where an environmental consulting company (Consultant) guarantees by contract that a release of a regulated substance will be remediated to Chemicals of Concern (COC) levels agreed to by the PSTD, the Consultant and tank owner/operator that are protective of human health, safety and the environment. This performance-based process encompasses several steps, but is not limited to the contract signed

by an officer/owner of the environmental consulting company, the applicant and the Administrator of the Indemnity Fund and an agreed to reasonable price. Scheduled payments are distributed only as performance-based goals are attained.

**"Petroleum storage tank system"** means a closed-plumbed system including storage tank(s), line(s) and dispenser(s) for a given product, e.g. a facility site can have a gasoline and a diesel system, or systems for different grades of gasoline, or even separate systems for the same grade of gasoline. It also includes a transport truck when attached to a tank system, and a used oil tank.

**"PSTD"** means Petroleum Storage Tank Division, or Division.

**"Purchase Order"** means a document submitted to PSTD online to obtain pre-approval by PSTD of a scope of work and the costs associated with the scope of work.

**"Reimbursement"** means repayment of a claim to a qualified Claimant or Assignee, or for an Administrative Application, or for such a claim submitted on behalf of a qualified Claimant, for incurred allowable costs resulting from an eligible release.

**"Remedial Action Plan"** means a plan implementing the required and approved remediation.

**"Remediation"** means the process or technique used to reduce concentration levels of regulated substances in the soil and groundwater, and/ or to reduce the presence of free product in the environment to levels that are protective of human health, safety and the environment.

**"Site assessment"** means a multi-step process designed to determine if a site has possibly been impacted by an amount of regulated substance(s).

**"Site characterization"** means a report submitted to the Commission that defines the extent of the contamination. The report should include, as a minimum, all things required by Chapter 29 of Commission rules for such a report.

**"Suspicion of Release" ("SOR")** means preliminary investigative work ~~performed under a PSTD Purchase Order~~ to determine if a release of a regulated substance has occurred. ~~A modified eligibility process for a SOR is required.~~

**"Work Plan"** means a proposed scope of work submitted online to implement corrective action.

## SUBCHAPTER 7. REIMBURSEMENT

### 165:27-7-2. Reimbursement

- (a) Among other requirements an eligible person for reimbursement is required to show:
- (1) Allowable costs were incurred on or after December 23, 1988.
  - (2) The PSTD has determined that the release or suspicion of release may pose a threat to human health or the environment.
  - (3) The eligible person has fully cooperated with PSTD in responding to the release.
- (b) The Petroleum Storage Tank Division will reimburse from the Indemnity Fund an eligible person, with an eligible release from an eligible tank system allowable costs in excess of 1% co-pay not to exceed Five Thousand Dollars (\$5,000.00) but not more than:
- (1) One million five hundred thousand dollars (\$1,500,000.00) per occurrence providing the storage tank is used in petroleum marketing or if the system has a throughput in excess of ten thousand (10,000) gallons per month based on annual throughput for the previous calendar year, (throughput to be established by clear and convincing documentary records that are deemed sufficient by PSTD staff) and

- (A) Two million dollars (\$2,000,000.00) annual aggregate for owners of one to one hundred storage tank systems, or
- (B) Three million dollars (\$3,000,000.00) annual aggregate for owners with more than one hundred storage tank systems or,
- (2) Five hundred thousand dollars (\$500,000.00) per occurrence providing the system is not used in petroleum marketing, or if the storage tank system has a throughput of ten thousand (10,000) gallons or less per month based on annual throughput for the previous calendar year, and
  - (A) Two million dollars (\$2,000,000.00) annual aggregate for owners of one to one hundred storage tank systems or,
  - (B) Three million dollars (\$3,000,000.00) for owners with more than one hundred storage tank systems.
- (c) Reimbursement shall not be made from the Indemnity Fund pursuant to this Section until the Indemnity Fund Program has determined that the costs for which reimbursement is requested were incurred on behalf of an eligible person, of an eligible release from an eligible tank system and were reasonable, integral and necessary.
- (d) Releases that occurred prior to June 4, 2004, shall not receive reimbursement until the \$5,000.00 co-pay has been prepaid or a payment arrangement concerning the co-pay has been agreed to by PSTD and significant compliance with the payment agreement is achieved.
- (e) All corrective action or assessment costs incurred shall be subject to reimbursement in accordance with unit cost pricing recommended by the Unit Cost Committee as approved by the PSTD Director and any adaptations, amendments or changes thereto.
- (f) All corrective action costs incurred shall be subject to reimbursement that is deemed allowable, fair and reasonable by the PSTD.
- (g) If When the technology is available, PSTD will accept online submissions of documents meeting PSTD rules and requirements.
- (h) When the technology is available, payment of Indemnity Fund claims may be in the form of Electronic Funds Transfer ("EFT").