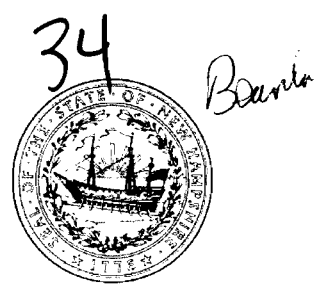




The State of New Hampshire  
**DEPARTMENT OF ENVIRONMENTAL SERVICES**

**Thomas S. Burack, Commissioner**



**Rep. Leigh A. Webb, Chairman**

*Oil Fund Disbursement Board*

December 31, 2013

Her Excellency, Governor Margaret Wood Hassan  
and the Honorable Council  
State House  
Concord, New Hampshire 03301

**REQUESTED ACTION**

Pursuant to RSA 146-D:5, II, RSA 146-E:7, RSA 146-F:6, and RSA 146-G:9, accept the 2013 annual report of the Oil Fund Disbursement Board (Board).

**EXPLANATION**

The Board hereby submits its annual report on the status of the New Hampshire Petroleum Cleanup Fund Program for the State Fiscal Year ended June 30, 2013. A separate table titled, "N.H. Petroleum Cleanup Reimbursement Funds Summary", lists the various funds, import fees, typical annual revenues, fund type and use, balance as of June 30, 2013, and budget for FY 2014.

The reimbursement fund program has a history of service to New Hampshire citizens, in providing financial resources to remedy environmental impacts due to releases of petroleum product. See Table 2 – Total Cleanup Costs by Community as of June 30, 2013 in the annual report appendix. The three petroleum storage facility funds operate as comprehensive excess insurance that protects facility owner assets and ensures timely and cost-effective cleanup of petroleum contamination. In addition to protecting public health and the environment, the funds play a significant and important role in economic development. The report Appendix includes a number of success stories.

The Gasoline Ether (GREE) Fund under RSA 146-G provides financial assistance for the problem of methyl tertiary-butyl ether ("MtBE") contamination. MtBE impacts owners of public and private water supply wells statewide, despite a ban on the gasoline additive that was effective January 1, 2007. It is important to note that the Petroleum Cleanup Fund Program, including the GREE Fund, principally covers cleanup work for on-going projects and a limited number of new projects. In addition to, and separate from, the funds administered by the Board, new funding resulting from the culmination of the State's 2003 MtBE lawsuit will be used for contamination investigation, water supply monitoring, contamination prevention, and cleanup work. Toward that end, the Department of Environmental Services (DES) recently received approval from the Fiscal Committee and Governor and Council, for initial authorization to use lawsuit settlement funds to begin implementation of a comprehensive MtBE investigation and corrective action plan.

The Fuel Oil Discharge Cleanup Fund (FODCF) is available for heating oil contamination cleanup and replacement of substandard on-premise-use heating oil storage tank systems. The tank replacement program for low-income homeowners is part of our efforts to reduce the incidence of heating oil

releases to the environment and thus reduce cleanup expenses. In its December 2009 report to the Fiscal Committee, the Legislative Budget Assistant (LBA) concluded that the FODCF is “*effective and functioning as intended*”, but insufficient revenues caused delays in cleanup project completion and restricted use of the tank replacement program. The Board supported legislation in 2009 (which also resulted in the LBA report), 2010, and 2012 to increase FODCF revenues through a 0.25¢ adjustment to the heating oil import fee. The adjustment was effective for three years, but then lapsed for FY 2013. In 2013, HB 185-FN was enacted into law making a 1.25¢ per gallon import fee permanent for FY 2014 forward. We hope this will avoid further program operating budget reductions and delayed work, beyond the significant \$1,900,000 total reduction included in the FY 2014 and FY 2015 budget.

The Oil Discharge and Disposal Cleanup Fund (ODDCF) established under RSA 146-D and the GREE Fund will lapse on July 1, 2015, if not re-authorized. In 2014, the Board is supporting legislation to extend the lapse date of these important funds to July 1, 2025, because on-going cleanup work at hundreds of locations is not complete.

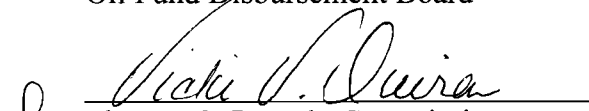
The Board and DES monitor fund program revenues and expenses and prioritize cleanup projects in consideration of public health/environmental risk, demand, and availability of funds. DES personnel work diligently to assist owners of contaminated public and private water supply wells, and to bring cleanup projects to regulatory closure. We also direct significant effort toward petroleum storage facility owner/operator outreach and training for release prevention. However, existing groundwater contamination in many areas of the state will be slow to degrade, and new contamination projects will still be discovered in future years despite highly effective release prevention efforts. Thus, continuation of the Petroleum Cleanup Fund Program and adequate program funding, are vital to protect public health and environmental quality in New Hampshire.

We respectfully request your acceptance of this report.



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Rep. Leigh A. Webb, Chairman  
Oil Fund Disbursement Board



for Thomas S. Burack, Commissioner  
Dept. of Environmental Services

Attachments

cc: Hon. Chuck Morse, President of the Senate  
Hon. Terie Norelli, Speaker of the House  
Hon. Bob Odell, Chair Senate Energy & Natural Resources Committee  
and Senate Ways & Means Committee  
Hon. Shannon Chandley, Chair House Resources, Recreation & Development Committee  
Hon. Susan Almy, Chair House Ways & Means Committee  
Tammy Wright, Clerk of the Senate  
Karen Wadsworth, Clerk of the House  
N.H. State Library

N.H. PETROLEUM CLEANUP REIMBURSEMENT FUNDS SUMMARY - 2013 Annual Report

STATUTE	FUND NAME	PETROLEUM TYPE <sup>1</sup>	IMPORT FEE PER GALLON	FY 2013 REVENUES	FUND TYPE <sup>2</sup>	FUND USE	FUND BALANCE 6/30/13	ANNUAL BUDGET FY 2014 <sup>3</sup>
RSA 146-D Effective 7/1/1988	Oil Discharge and Disposal Cleanup Fund (ODDCF)	Gasoline & Diesel fuel	1.25¢ on Gasoline 1.5¢ on Diesel fuel	\$11,569,347	Financial responsibility (Excess insurance)	Cleanup of regulated motor fuel USTs and ASTs	\$2,775,497	\$12,455,887
RSA 146-E Effective 8/28/1993	Fuel Oil Discharge Cleanup Fund (FODCF)	Heating oil	1.25¢	\$2,029,136	Excess insurance for cleanup	Cleanup of heating oil facilities Replacement of low-income homeowner heating oil tanks	\$265,602	\$2,083,465
RSA 146-F Effective 7/1/1995	Motor Oil Discharge Cleanup Fund (MODCF)	Motor oil	4.0¢	\$237,064	Excess insurance	Cleanup of motor oil storage facilities	\$413,588	\$272,725
RSA 146-G Effective 7/1/2001	Gasoline Remediation & Elimination of Ethers (GREE) Fund	Gasoline	0.25¢	\$1,785,633	Remediation of gasoline ether contamination ("MtBE")	Public water supply monitoring & cleanup of MtBE source properties	\$1,329,014	\$2,208,495
							<b>Total:</b>	<b>\$17,020,571</b>

NOTES:

1. Petroleum type indicates the type of petroleum on which the import fee is assessed and/or the nature of the facility or petroleum release which can be addressed by the fund.
2. Financial responsibility of up to \$1,000,000 for cleanup costs and third-party damages is required for all motor fuel underground storage tanks. The ODDCF is a USEPA-approved financial responsibility mechanism for underground storage tanks in New Hampshire. The ODDCF, FODCF, and MODCF operate as excess insurance funds. The GREE fund operates as a remediation fund only. This fund is available to owners of public and private water supplies who incur costs for periodic monitoring and for replacement of contaminated supplies, and owners of sites that are a source of gasoline ether contamination. The fund is also available to pay NHDES contractor costs for providing temporary potable water and performing investigations to determine sources of gasoline ether contamination.
3. Annual budgets include contamination cleanup funding and program management and administrative costs. Management and administrative costs are allocated to each fund based on activity.