

Annual Report to the North Carolina General Assembly

Status of Leaking Petroleum Underground Storage Tanks

State Cleanup Fund

Fiscal Year 2024 (July 1, 2023 to June 30, 2024)

**N.C. Division of Waste Management
Underground Storage Tank Section**

November 1, 2024



NORTH CAROLINA DEPARTMENT OF ENVIRONMENTAL QUALITY

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Executive Summary

North Carolina Leaking Petroleum Underground Storage Tanks Cleanup Fund

Fiscal Year (FY) 2024

July 1, 2023 – June 30, 2024

North Carolina's underground storage tank program is administered by the Division of Waste Management's Underground Storage Tank (UST) Section in the North Carolina Department of Environmental Quality (DEQ). The Section enforces UST regulations and manages funds used to perform cleanups of petroleum UST discharges or releases (UST incidents). The program began in 1988 in response to growing reports of USTs leaking petroleum into soil and groundwater. Funding for the program is provided by the Commercial Leaking Petroleum Underground Storage Tanks Cleanup Fund (Commercial Fund), federal Leaking Underground Storage Tank (LUST) Cleanup Grant, and the federal LUST Prevention Grant.

North Carolina General Statute 143-215.94M(a) states: "The Secretary shall present an annual report to the Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources that shall include at least the following:

- 1) A list of all discharges or releases of petroleum from underground storage tanks.
- 2) Repealed by Session Laws 2015-241, s. 14.16A(h), effective December 31, 2016.
- 3) A list of all cleanups undertaken by tank owners or operators and the status of these cleanups.
- 4) A statement of receipts and disbursements for the Commercial Fund.
- 5) A statement of all claims against the Commercial Fund, including claims paid, claims denied, pending claims, anticipated claims, and any other obligations.
- 6) The adequacy of the Commercial Fund to carry out the purposes of this Part together with any recommendations as to measures that may be necessary to assure the continued solvency of the Commercial Fund.
- 7) Repealed by Session Laws 2012-200, s. 23, effective August 1, 2012."

The report required by this section shall be made by the Secretary on or before November 1 of each year.

In FY 2023-2024, the UST program achieved closure for 701 commercial regulated UST release incidents and approved clean closure of an additional 68 commercial regulated USTs. Reimbursements to responsible parties for FY 2023-2024 totaled \$10,421,211. The state-led program, which assumes management of incidents for which no viable responsible party exists, accomplished \$7,569,400 in assessment and cleanup actions through its state-led contractors. In addition, the program provided oversight and regulatory review for closure of 273 noncommercial USTs, 47 commercial non-regulated releases, and 418 non-UST petroleum releases.

The Commercial Fund is also used to provide safe alternatives to drinking water wells that have been contaminated by petroleum releases from USTs. In FY 2023-2024, the UST program provided alternative water supplies, including bottled water, point-of-entry filtration systems and waterline extensions, to replace 64 contaminated water supply wells serving 384 residents.

The North Carolina Division of Waste Management (DWM) maintains lists of all known discharges or releases from underground storage tanks, all responsible party (RP) cleanups, and cleanup status updates. These are available at: <https://deq.nc.gov/about/divisions/waste-management/ust/databases>, specifically the Incident Management Database (Regional Underground Storage Tanks). These may be viewed in both Microsoft Access and Microsoft Excel formats. Assistance is available by contacting Carin Kromm or Shawn McKee at (919) 707-8200.

On October 1, 2018, the EPA Office of Underground Storage Tanks (OUST) launched an effort to reduce the national backlog of open, unresolved UST incidents. The OUST set "aspirational" cleanup goals for each EPA region and then evaluated the individual states and assigned federal fiscal year (FFY) goals for individual states. Based upon Region 4's evaluation, North Carolina's federal fiscal year goals were established at 720 total closures for 2108-19, 596 total closures for 2019-20, 500 total closures for 2020-21, 2021-22, 2022-23 and 2023-24. Upon notification of this goal in 2018, Region 4 and North Carolina's UST Section management group worked jointly to explore means to meet OUST's requests. Region 4 agreed to provide a total of approximately \$763,824 in additional federal grant funding over a three-year period to combine with the \$500,000 of annual state funding allowed for use in

evaluating and closing low- risk sites. Subsequently, for FFY 2021-22 and FFY 2022-23 USEPA provided an additional \$100,000 each year to North Carolina's LUST Cleanup Grant for continuation of this backlog reduction initiative. As of September 30, 2024, North Carolina has exceeded OUST "aspirational" goals, with 766 total closures for the FFY 2018-19, 614 total closures for FFY 2019-20, 516 total closures for FFY 2020-21, 774 total closures for FFY 2021-22, 829 total closures for FFY 2022-23, and 587 total closures for FFY2023-24. The additional funding was also used to provide reimbursement associated with long-standing non-directed cleanup claims for sites that were previously subject to the section's funding bar. This initiative will continue through FY 2023-24 using designated state funds.

The UST program has also actively participated in storm recovery efforts for Hurricanes Florence, Michael, Dorian, Isaias and Debbie, providing pre-storm directions to at-risk UST facilities, post-storm evaluation of damages, and financial assistance for recovery to entities through available state and federal disaster relief funds.

The Department annually reports to the Environmental Review Commission, the Fiscal Research Division, the Senate Appropriations Subcommittee on Natural and Economic Resources, and the House Appropriations Subcommittee on Natural and Economic Resources per N.C. General Statute 143-215.94M.

Commercial UST Cleanup Fund Management

In FY 2023-24, the Division of Waste Management’s (DWM) Underground Storage Tank (UST) Section managed reimbursement funds for the cleanup of environmental contamination from petroleum UST releases. The Commercial Cleanup Fund reimbursed the costs of cleanups of petroleum releases from commercial USTs, which are typically regulated gasoline station tanks or heating oil tanks greater than 1,100-gallon capacity. The owners of commercial USTs pay an annual registration fee of \$420 per tank into the Commercial Cleanup Fund and pay statutory deductible amounts toward the costs of assessments and cleanups of petroleum releases.

In FY 2023-24, the UST Section managed the cleanup funds in accordance with the requirements of N.C.G.S 143-215.94E, which directs the N.C. Department of Environmental Quality (DEQ) to give priority to the cleanup of releases in emergency situations, and to those that pose the greatest risks to human health and the environment. The statute also directs DWM to order non-emergency work only if the costs can be reimbursed by the appropriate cleanup fund within 90 days of claim approval. To meet these legislative requirements, the UST Section uses a risk, ranking, and abatement (RRA) scoring system that quantifies the relative risks of all releases, allowing the Section to direct work at the highest risk incidents for which costs can be reimbursed within 90 days. Each month, the UST Section staff reviews balances, expenditures, and obligations of the Commercial Fund, and periodically adjusts the RRA score threshold to direct as much cleanup work as resources will allow. In FY 2021-22, by implementing more intensive oversight and cost control measures, the UST Section was able to lower the RRA score threshold for the Commercial Fund for the first time since FY 2015-16. During FY 2021-22, the Section provided cleanup oversight and funding for all responsible parties who requested activities at all high, intermediate, and low-risk commercial UST incidents.

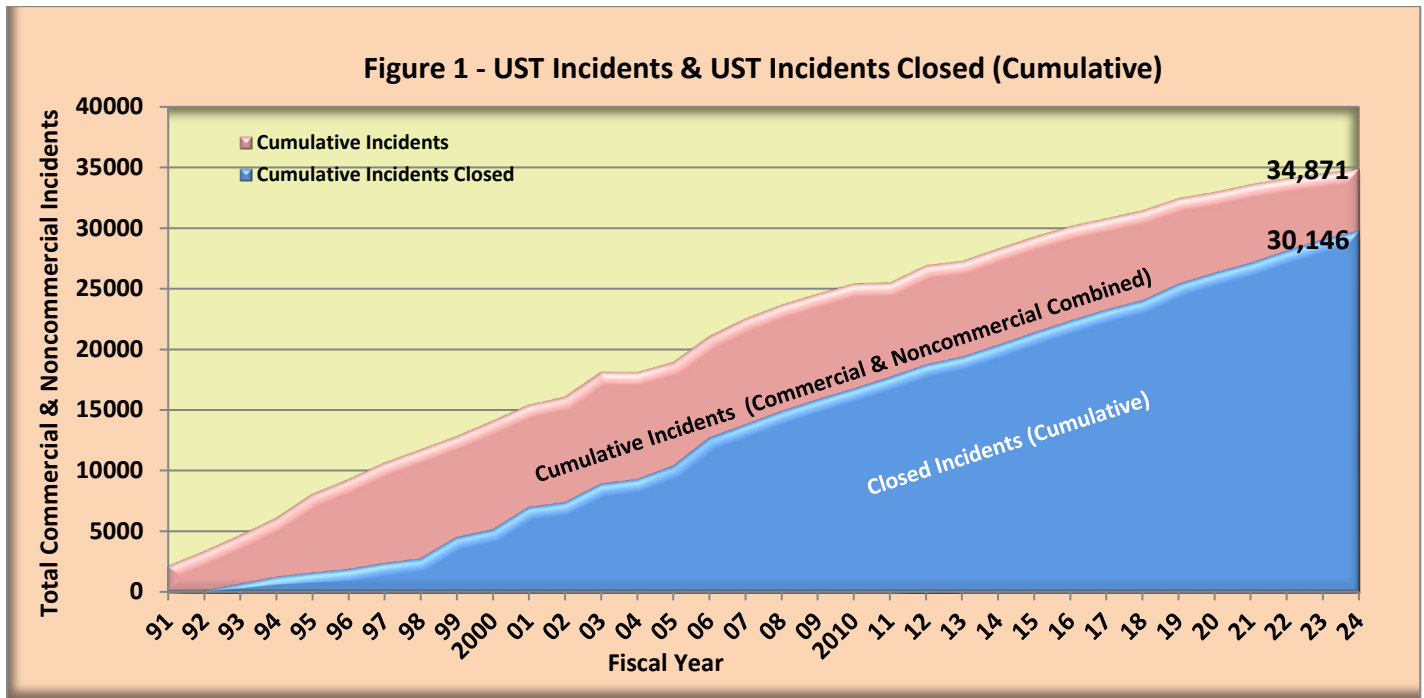
The two tables below summarize historic and FY 2023-24 Commercial Fund activities and accomplishments.

Table 1
Summary of Key Statistics since UST Program Inception
(July 1, 1988 to June 30, 2024)

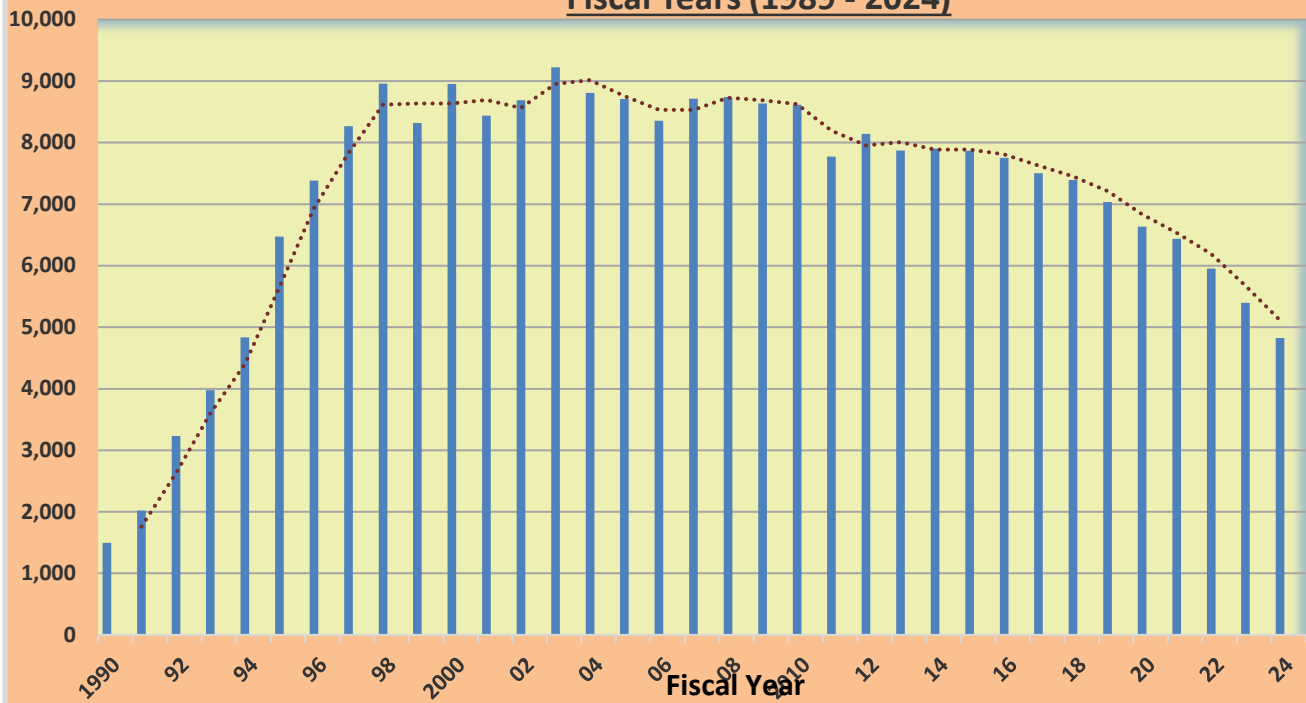
| Revenues and Expenditures | |
|---|----------------|
| Commercial Fund Revenues | \$ 950,237,256 |
| Commercial Fund Expenditures | \$ 842,442,059 |
| Releases (# of incidents) | |
| Petroleum UST Releases – Reported | |
| Commercial | 22,081 |
| Noncommercial | 12,790 |
| Total | 34,871 |
| Petroleum UST Releases - Closed Out | |
| Commercial | 19,443 |
| Noncommercial | 10,330 |
| Total | 29,773 |
| Other | |
| Petroleum AST – Reported | 7,999 |
| Petroleum AST – Closed Out | 5,783 |
| FY 2023-24 Activity (# of incidents) | |
| Petroleum UST Releases Reported | |
| Commercial UST | 200 |
| Noncommercial UST | 204 |
| Total | 404 |
| Petroleum UST Releases Closed Out | |
| Commercial UST | 701 |
| Noncommercial UST | 273 |
| Total | 974 |
| Other | |
| AST and Non-UST Petroleum (Reported) | 275 |
| AST and Non-UST Petroleum (Closed Out) | 418 |

| Table 2 - UST Releases Since Program Inception (FY 1989 - FY 2024) | | | |
|--|---------------|--|---------------|
| Commercial UST Releases | | Noncommercial UST Releases | |
| Releases Reported | 22,081 | Releases Reported | 12,790 |
| RP-Lead | 20,164 | RP-Lead | 12,536 |
| State-Lead | 1,917 | State-Lead | 254 |
| Cleaned Up to No Further Action | 19,543 | Cleaned Up to No Further Action | 10,603 |
| RP-Lead start here | 17,885 | RP-Lead | 10,403 |
| State-Lead | 1,658 | State-Lead | 200 |
| Ongoing Cleanups | 2,745 | Ongoing Cleanups start here | 2,123 |
| RP-Lead | 2,101 | RP-Lead | 2,077 |
| State-Lead | 644 | State-Lead | 46 |
| No Action Currently Being Taken | 0 | No Action Currently Being Taken | 2,058 |
| RP-Lead | 0 | RP-Lead | 2,012 |
| State-Lead | 0 | State-Lead | 46 |

Figures 1 and 2 below present a graphical representation of historic Commercial and Noncommercial cleanup activities and progress.



**Figure 2 - Total Open Commercial and Noncommercial UST Incidents
Fiscal Years (1989 - 2024)**



Unfunded Noncommercial Release Response

Session Law 2015-241 directed the phase-out of the Noncommercial UST reimbursement program to end on Dec. 31, 2016, and limited eligibility for the remaining funds to only those releases reported prior to Oct. 1, 2015. It further modified the necessary response to noncommercial UST releases based on DEQ risk determination. Initial Abatement Requirements were eliminated, and all actions at eligible sites were required to be re-authorized to ensure compliance with the new law. Session Law 2017-57 required the Environmental Management Commission (EMC) to adopt temporary rules to implement Section 14.16B of Session Law 2015-241 by Oct. 1, 2017. The necessary changes to 15A NCAC 02L Section .0400 were submitted by the DEQ and reviewed by the EMC for approval on Sept. 29, 2017. No further cleanup of noncommercial releases was required for low-risk sites or reimbursed for any sites.

However, UST Section staff are still required to review and oversee responsible party actions at all reported noncommercial incidents to ensure proper closure and documentation. Two hundred four (204) new noncommercial UST incidents were reported during FY 2023-24. During Fiscal Year 2023-2024, two hundred seventy-three (273) incidents were closed, which included 247 Responsible Party lead incidents and 30 State Lead incidents.

In addition, UST Section staff were required to respond to two hundred sixty-four (264) releases from aboveground petroleum storage tanks (ASTs), roadside spills, and other spills greater than 25 gallons. Four hundred eighteen (418) incidents were closed. Regional staff are responsible for issuing permits and conducting inspections of eighteen soil remediation facilities. These activities are unfunded through current mechanisms and result in the diversion of approximately 25 percent or 10.5 full-time equivalents of regional office staffing resources to manage non-commercial and non-UST releases. During FY2022 – 2024, the NC Legislature added two full-time equivalent positions to help manage the noncommercial UST and the non-UST releases, one full-time position to manage the permitted soil remediation facilities across the state and two full-time positions to work on emerging contaminants such as PFAS.

Colonial Pipeline (CP) Release

In addition to the non-UST incidents above, during FY 2023-24 the UST Section has overseen the assessment and initial clean-up response for a 2,000,000+ gallon gasoline release from the Colonial Pipeline site, located north of Huntersville, NC. Seven (7) UST managers and staff have been actively involved in the oversight and evaluation of the cleanup on a routine, weekly basis since being notified of the release in August 2020. UST Section staff have devoted 4,500+ hours to this release. The cleanup process will continue until any remaining soils and groundwater contamination achieves North Carolina groundwater standards and soil remediation goals. Full cleanup is expected to last 10+ years.

Commercial Fund Status

On June 30, 2024, the unobligated Commercial Fund balance was \$87,136,957 – an increase of \$14,827,328 from the FY 2022-23 unobligated end-of-year balance. Estimated Commercial Fund obligations as of June 30, 2024, are \$24,998,807 including state-lead cleanup contracts managed by the UST Section.

Beginning in late FY 2013-14 and continuing through FY 2023-24, the UST Section undertook an intensive re-evaluation of its risk-based closure process and instituted a more rigorous review of pre-approvals for site work. Concurrently, UST Section staff implemented an administrative review of all pending task authorizations regarding statute of limitations requirements. Implementation of these measures reversed the \$4.6M per year average decline in Fund balance experienced between FY 2010-11 and FY 2015-16. Both cost-control measures remain ongoing, and the Commercial Fund is now able to direct work on all high-and-intermediate-risk incidents.

Availability of funding is still subject to a site’s risk score, and the inability to reimburse work on all releases, regardless of risk ranking, has both short-term and long-term impacts. In the near term, the lack of funding means that owners of those properties may find it difficult to move forward with property transactions. In the long-term, conditions (i.e. residential/commercial development, new water supply wells) around a lower-risk release may change with time and result in an increase in the threat to public health. As of June 30, 2021, and based upon the increasing fund balance and solvency, the UST Section has taken an aggressive approach toward directing and re-initiating cleanup of all sites.

Table 3
FY 2023 Commercial Fund Activity
 (July 1, 2023 - June 30, 2024)

| | Amount | Totals |
|--|-----------------|----------------------|
| Fund Balance on 7/1/24 | \$105,783,429 | \$105,783,429 |
| Revenues (7/1/23 – 6/30/24) | | \$28,233,135 |
| Motor Fuel & Gasoline Excise Tax | \$19,074,265 | |
| UST Operating Fees | \$9,125,670 | |
| State Lead Cost Recovery | \$33,200 | |
| Interest | \$ 0 | |
| Prior Year Refunds | \$ 0 | |
| Transfer - Bernard Allen Trust Fund | \$ 0 | |
| Expenditures | | \$21,880,800 |
| Reimbursements | \$10,421,211 | |
| State-Lead Contracting and Laboratory | \$7,569,400 | |
| Program Administration | \$3,879,627 | |
| Utility/Energy | \$10,562 | |
| Transfers from Fund | | |
| Transfer to Federal LUST Program (cost recovery) | \$ 0 | |
| Fund Cash Balance on 6/30/2024 | | \$112,135,764 |
| Estimated Obligations¹ | | \$24,998,807 |
| RP-lead and State-lead pre-approved/authorized cleanup | \$6,650,000 | |
| Claims under review and pending reimbursement | \$397,825 | |
| Pre-approved non-directed actions | No longer valid | |
| Pending State Lead Contracts | \$13,491,333 | |
| Program Administration | \$4,459,649 | |
| Estimated Unobligated Balance 06/30/2024 | | \$87,136,957 |

1. Estimated obligations include estimates of non-reimbursed costs for tasks not requiring pre-approval that were incurred prior to implementation of Session Law 2004-124; outstanding non-reimbursed costs for pre-approved directed tasks; requested reimbursement costs for claims under review; approved costs for claims awaiting reimbursement; non-reimbursed costs for approved non-directed tasks; and any remaining program expense

Figure 3
Commercial Fund Revenue Sources – FY 2023-2024

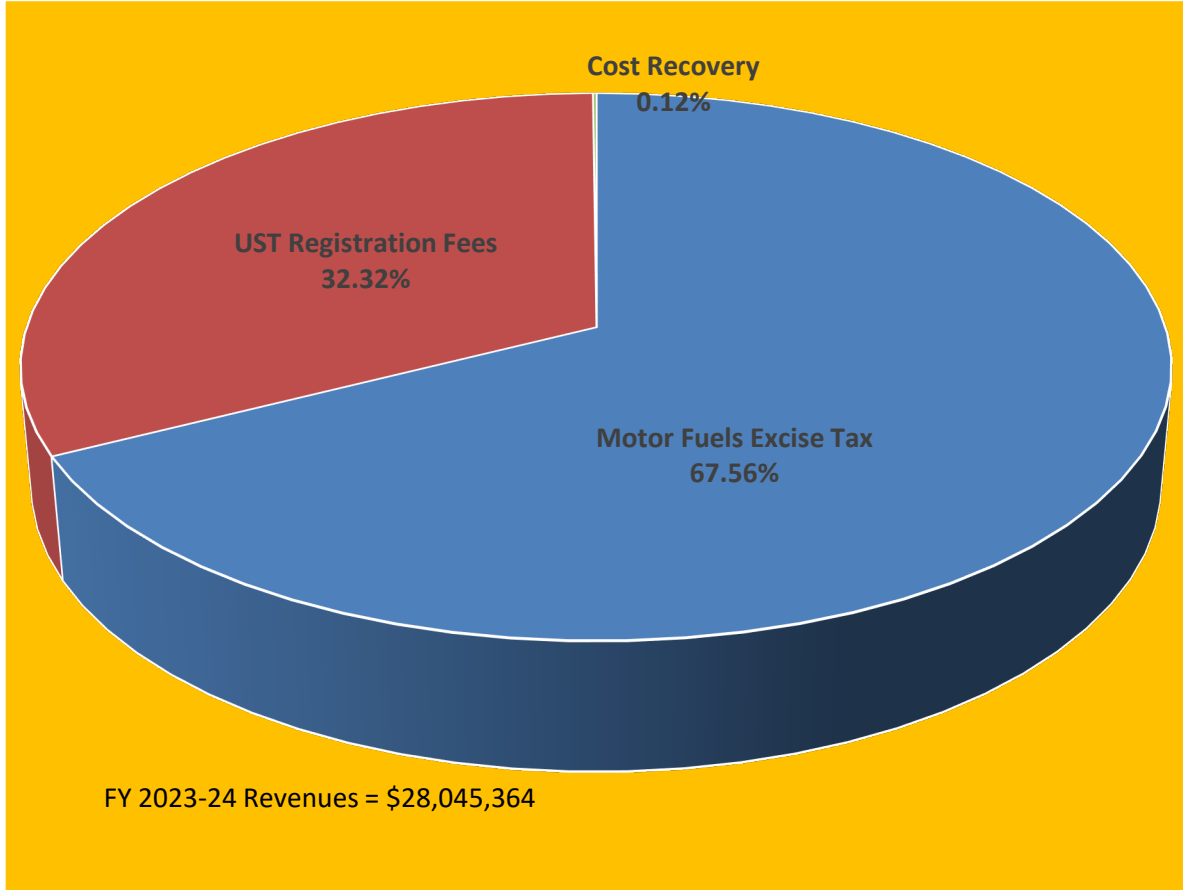


Table 4
Claims Processed for the Commercial Cleanup Fund
July 1, 1989 – June 30, 2024

| Claim Action | Number |
|---------------------------------------|--------|
| Claims Paid | 54,502 |
| Incidents Denied Totally ¹ | 51 |
| Claims Denied Partially ² | 19,938 |
| Claims Pending | 37 |
| Contracted Cleanups ³ | 3,076 |

1 Ineligible (operating fees not paid; release discovery pre-dates program)
 2 Claims contain excessive or undocumented costs
 3 State lead actions initiated

Table 5, on page 11, summarizes receipts and expenditures from the Commercial Cleanup Fund since it was authorized by the North Carolina General Assembly.

Table 5
Receipts, Disbursements and Program Expenses for the Commercial Fund
July 1, 1989 - June 30, 2024

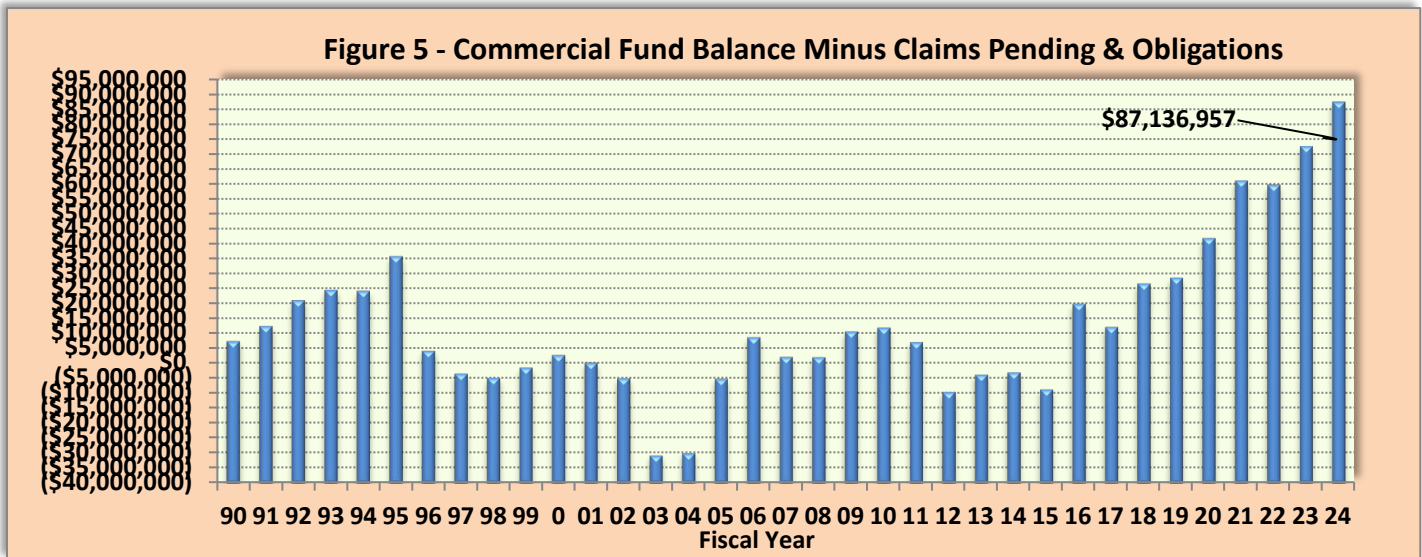
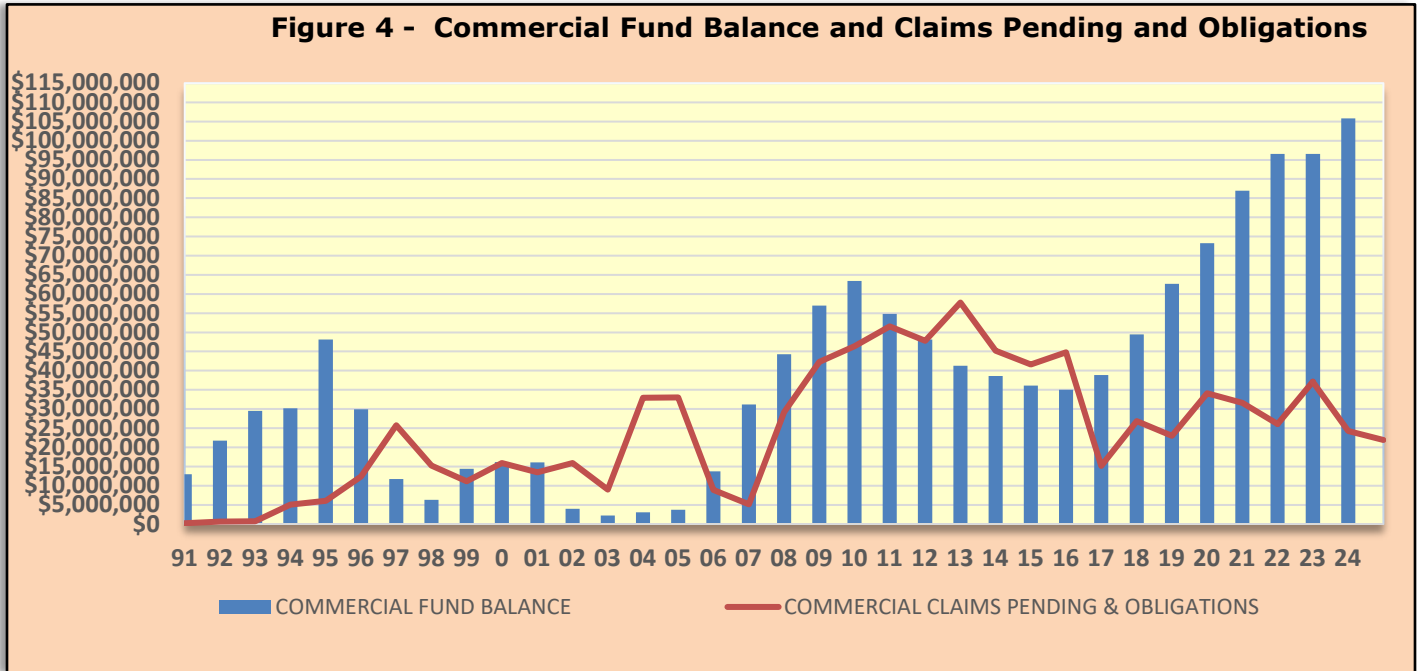
| Fiscal Year | Receipts | Disbursements¹ | Legislatively Allowed Program Expenses |
|--------------------|-------------------------|----------------------------------|---|
| FY 1989 | \$ 2,337,685 | \$ 14,768 | |
| FY 1990 | 5,773,632 | 79,080 | \$ 201,255 |
| FY 1991 | 7,330,573 | 1,616,760 | 547,595 |
| FY 1992 | 13,484,008 | 4,409,229 | 517,221 |
| FY 1993 | 18,032,784 | 9,651,948 | 601,687 |
| FY 1994 | 24,438,966 | 22,904,802 | 694,424 |
| FY 1995 | 56,037,135 ² | 37,405,510 | 666,270 |
| FY 1996 | 28,178,768 | 44,060,639 | 2,322,632 |
| FY 1997 | 28,564,034 | 44,163,273 | 2,623,339 |
| FY 1998 | 27,291,220 | 30,267,392 | 2,530,036 |
| FY 1999 | 26,783,344 | 16,104,152 | 2,567,668 |
| FY 2000 | 27,178,623 | 22,820,069 ³ | 2,579,540 |
| FY 2001 | 27,240,303 | 24,566,132 ⁴ | 2,730,236 |
| FY 2002 | 27,124,210 | 36,872,426 | 2,397,264 |
| FY 2003 | 27,055,759 | 26,498,565 | 2,221,851 |
| FY 2004 | 26,934,685 | 23,514,179 ⁵ | 2,527,451 |
| FY 2005 | 50,255,908 ⁷ | 46,966,083 ⁶ | 2,654,447 |
| FY 2006 | 28,143,119 | 15,474,991 ⁸ | 2,636,228 |
| FY 2007 | 27,564,837 | 7,372,403 ⁹ | 2,725,418 |
| FY 2008 | 27,458,790 | 11,511,344 ¹⁰ | 2,859,460 |
| FY 2009 | 31,026,131 | 15,007,590 ¹¹ | 3,380,143 |
| FY 2010 | 27,969,400 | 17,760,225 ¹² | 3,703,143 |
| FY 2011 | 26,951,504 | 31,697,736 ¹³ | 3,859,161 |
| FY 2012 | 26,311,956 | 29,132,749 ¹⁴ | 3,881,825 |
| FY 2013 | 26,316,112 | 29,187,009 ¹⁴ | 3,960,943 |
| FY 2014 | 28,222,762 | 27,091,769 ¹⁴ | 3,806,616 |
| FY 2015 | 27,049,782 | 25,607,888 ¹⁴ | 3,890,089 |
| FY 2016 | 26,496,737 | 23,616,208 ¹⁴ | 3,985,706 |
| FY 2017 | 27,634,152 | 20,071,855 ^{14,15} | 3,721,009 |
| FY 2018 | 27,831,100 | 13,150,486 ¹⁴ | 4,018,302 |
| FY 2019 | 28,153,471 | 10,900,081 | 4,115,612 |
| FY 2020 | 26,369,306 | 11,218,634 | 4,495,477 |
| FY 2021 | 27,956,046 | 14,258,061 | 4,449,648 |
| FY 2022 | 28,045,364 | 18,453,178 | 4,038,272 |
| FY 2023 | 28,461,915 | 19,252,349 | 4,183,979 |
| FY 2024 | 28,233,135 | 21,880,800 | 4,459,649 |
| TOTAL | \$ 950,237,256 | \$ 754,560,363 | \$ 100,553,596 |

1. Does not include program expenses.
2. Commercial receipts for FY 1994-1995 included \$31,288,889 that was transferred from the Groundwater Protection Loan Fund.
3. Adjustment due to a transfer from the Commercial Fund to the Federal Trust Fund of \$288,117 as a clean-up expenditure rather than as a program expense.
4. Includes \$33,866 transferred to the Federal Trust Fund for clean-up expenditure.
5. Includes transfer of \$2,036,932 from Commercial to Noncommercial Trust Funds per GS 119.18(b); transfer of \$90,000 to N.C. Department of Agriculture and Consumer Services; and transfer of \$452,722 to the Federal Trust Fund for clean-up expenditure.
6. Includes transfer of \$43,150,730 from Commercial to Noncommercial Trust Fund per GS 119.18(b). Transfer from N.C. Department of Agriculture and Consumer Services of \$38,702 to Federal Trust Fund.
7. Includes additional revenue from the 1-year 1.1 cent per gallon excise tax or \$19 million to the Trust Fund.
8. Includes \$1,922,601 transfer to Noncommercial Fund, \$90,000 transfer to N.C. Department of Agriculture and Consumer Services, and \$30,016 transfer to repay Federal Trust Fund for State Lead program expenses.
9. Includes transfer to Noncommercial Fund of \$598,935 and disbursement from the Commercial Fund to the N.C. Department of Agriculture and Consumer Services (\$90,000) and Federal LUST Grant (\$108,904).
10. Includes transfer to Noncommercial Fund of \$1,381,848, and disbursement from the Commercial Fund to the N.C. Department of

Agriculture and Consumer Services (\$90,000), and Federal LUST Grant (\$53,752).

11. Includes transfer to Noncommercial Fund of \$1,004,895, and disbursement from the Commercial Fund to the N.C. Department of Agriculture and Consumer Services (\$90,000).
12. Includes disbursement to N.C. Department of Agriculture and Consumer Services of \$90,000.
13. Includes disbursements to N.C. Department of Agriculture and Consumer Services (\$90,000) and legislatively mandated transfer of interest (\$614,239.29).
14. Includes disbursements to N.C. Department of Agriculture and Consumer Services (\$90,000).
15. Includes transfer of \$1,153,783 to close out the Noncommercial Fund.

Historical Commercial Cleanup Fund balances and obligations are presented graphically in Figures 4 and 5.



Backlog Reduction Initiative

On October 1, 2018, the EPA Office of Underground Storage Tanks (OUST) launched an effort to reduce the national backlog of open, unresolved UST incidents. The OUST set “aspirational” cleanup goals for each EPA region and then evaluated the individual states and assigned state goals for the upcoming federal fiscal year (FFY). Based upon Region 4’s evaluation, North Carolina’s federal fiscal year goals were established at 720 total closures for FFY 2018-19, 596 total closures for FFY 2019-20, 500 total closures for FFY 2020-21, 774 total closures for FFY 2021-22 and 500 total closures for FFY 2022-2023. Upon notification of this goal, Region 4 and North Carolina’s UST Section management worked jointly to explore means to meet OUST’s requests. For FFY 2020-21, Region 4 agreed to provide approximately \$763,824 in additional federal grant funding to combine with the \$500,000 of annual state funding allowed for use in evaluating and closing low-risk sites.

As of September 30, 2024, North Carolina has exceeded its OUST “aspirational” goals with 766 total closures for the FFY 2018-19, 614 total closures for FFY 2019-20, 516 total closures for FFY 2020-21, 774 total closures for FFY 2021-22, 829 total closures for FFY 2022-23 and 587 total closures for FFY 2023-24 for a total of 4,086 closures. Two thousand seven hundred fifty-five (2,755) of these closures were legacy low-risk sites (499 in FFY 2019, 393 in FFY 2020, 315 in FFY 2021, 539 in FFY 2022, 662 in FFY 2023 and 347 in FFY 2024). The initiative also provided for reimbursement of associated long-standing non-directed cleanup claims for these legacy sites. This combined EPA/NC backlog reduction initiative will continue through FFY 2024-25 using state designated funds.

Estimated Costs of Clean-Up

Under new EPA criteria, DEQ can estimate the maximum potential liabilities for cleaning up all known commercial UST releases by multiplying the median cost to the Fund per release (\$132,572) for FY 2014 – FY 2020 by the number of currently known commercial releases with ongoing cleanup (2,745). The result is a total estimated future obligation of approximately \$363.9 million – an amount that includes nearly \$24.9 million obligated for cleanups already underway.

With a present unobligated balance of approximately \$87.1 million, the Fund will need an additional \$276.7 million to clean up all currently known commercial UST releases. This estimate does not account for the costs of cleaning up releases not yet reported (future releases). The number of reported new releases has decreased in recent years, due to increased inspection and prevention measures implemented in 2008. For FY 2010-11 through FY 2023-24, an average of 270 new, fund-eligible commercial UST releases per year were discovered and reported. This trend suggests an additional \$35.8 million per year will potentially be added to overall obligations.

Despite implementation of the more rigorous oversight and cost control measures, at current revenue levels (\$27.4 million per year on average), it will take the Fund approximately 13.3 years to generate the receipts necessary to pay existing projected obligations. And, given these projected obligations, in the absence of additional funding or changes in funding mechanisms the long-term viability of the Commercial Fund as North Carolina’s primary financial responsibility mechanism, as currently structured, continues to remain uncertain.

FY 2023-2024

Petroleum Underground Storage Tank Cleanup Funds Recommendations

1. Continue the successful backlog reduction initiative with the addition of an aggressive approach toward directing and re-initiating cleanup of marginally low/intermediate-risk sites during FY 2024-25 to further reduce the cleanup backlog.
2. We are requesting additional funding and staff to address required oversight for releases from ASTs, noncommercial (home heating oil) USTs, roadside incidents, and other non-UST petroleum releases.

With the addition of two full-time equivalent positions during FY 2022-23, one employee dedicated to noncommercial (home heating oil) releases and one employee dedicated to AST, roadside incidents, and other non-UST petroleum releases:

- Staff were able to keep up with new noncommercial releases (204) and close (243) RP lead noncommercial releases.
 - Staff were able to keep up with the number of new non-UST releases (275) when compared to the number of releases that were closed (418).
 - Noncommercial Releases:
 - There are 2,077 open noncommercial releases.
 - Current staff commitments allowed for a backlog reduction of only thirty-nine noncommercial sites in FY 2023-2024.
 - The Section would be more effective in reducing this backlog of noncommercial releases if one additional staff position were added in each of NCDEQ's seven regional offices.
 - AST, roadside incidents, and other non-UST releases:
 - With the addition of one full-time equivalent position dedicated to non-UST releases, we were able to keep up with new releases and begin reducing our backlog by 143 sites. At this rate it will take us 15.5 years to address our backlog.
 - Adding one staff position to each of the seven regional offices to address the non-UST releases would lead us to address and get caught up with our backlog. It would also allow regional staff to go out to the releases to address cleanup requirements with the environmental contractors hired by the Responsible Parties. Not all environmental contractors understand NC regulations which leads to incomplete sampling and/or reporting requirements.
3. Re-evaluate all high-risk incidents during FY 2023-24 and aggressively pursue cleanups to the extent allowed by funding availability.
 4. Re-evaluate the Reasonable Rate Document to increase rate with current economic conditions.
 5. Re-evaluate and update the existing Memorandums of Agreement with the Eastern Band of Cherokee Indians and Guilford County.
 6. Provide additional funding and equipment for emergency response actions (i.e. storms, floods, or releases from unknown sources) and for disaster resiliency activities to identify and mitigate at-risk facilities.
 7. Expand on the State-Lead and Abandoned Tanks Program framework to integrate environmental justice criteria in the UST risk-based closure process.
 8. Continue ongoing cost control measures:
 - a. Evaluation and implementation of better, more systematic ways to apply risk-based closure criteria to incidents.
 - b. Continuation of the intensive review process for pre-approvals for requested site work.
 - c. Continuation of intensive corrective action plan review with consensus of the selected method and technology by all stakeholders required prior to implementation.
 9. Continue the successful programs previously implemented to reduce releases by maintaining a facility compliance inspection frequency of at least once every three years for USTs in North Carolina.
 10. Continue the successful programs previously implemented to prevent and minimize releases by providing release

prevention and detection training to UST owners and operators.

11. Investigate possible revenue enhancement mechanisms to enable the Commercial Fund to better meet projected future obligations including:
 - a. an increase in the motor fuels excise tax contribution to one cent per gallon, or;
 - b. consider long-term transition from the Commercial Fund as the primary mechanism for owners of regulated USTs to meet federal financial responsibility requirements. In place of, or in conjunction with, a state-subsidized fund, owners and operators of newly installed or replaced or upgraded, regulated commercial UST systems could be required to use other financial responsibility mechanisms, such as private insurance, bonding, letters of credit, or self-insurance.