

February 23, 2009

Co-Chair Edward Meyer

Co-Chair Richard Roy

Senator John McKinney

Representative Sean Williams

**Members of the Environment Committee:**

Warren Equities, Inc. and its operating subsidiary, Drake Petroleum Company, Inc. (Drake), which owns, leases, operates and/or supplies ninety-three retail petroleum distribution facilities, in the State of Connecticut, wishes to express its strong support to Proposed Bill No. 31 *An Act Appropriating Funds to the Underground Storage Tank Petroleum Clean-Up Account*.

In 1984, in response to the nationwide problem of leaking underground storage tanks (USTs), The United States Congress passed Subtitle I of the Resource Conservation and Recovery Act which required owners/operators of retail petroleum distribution facilities to:

- Demonstrate financial responsibility
- Ensure that there will be monies to pay for the costs of environmental damage, personal injury and/or property damage as a result of a UST release, and
- Demonstrate financial responsibility through private insurance, self-insurance, guarantee, surety bond, letter of credit or use state assurance funds.

It should be noted that even when a small independent owner/operator can afford private insurance, it does not cover pre-existing environmental conditions, which may or may not have been identified when the small independent owner/operator acquires a property. Since private insurance is most often unaffordable or unavailable for small independent owner/operators, approximately thirty-six states provide or have provided a state-run insurance like program funded through an add-on-fee to the sale of motor vehicle fuels.

Due to the fact that retail petroleum distribution facility divestment programs are being conducted by the major oil companies throughout the State of Connecticut, we believe that a majority of the environmental investigation and remediation burden will be left to individual and small owner/operators.

We ask that you consider the following points when evaluating continued funding of the State of Connecticut Underground Storage Tank Petroleum Clean-Up Account:

- The possibility of delayed environmental investigation and remediation of the waters and the soils of the State of Connecticut which could potentially cause greater harm to the environment as petroleum contaminated groundwater plumes continue to migrate unabated.
- Achieving the established State of Connecticut regulatory clean-up milestones will likely be impacted or not achieved at all, thereby placing more strain on State of Connecticut Department of Environmental Protection agencies charged with oversight of environmental assessment and remediation activities.
- Increase financial burdens on small independent owner/operators who are already financially stressed due to the downturn in the economy.
- Real estate transactions are likely to be impacted as a result of the hesitance on the part of developers to purchase properties with environmental clean-up funding uncertainties.
- The inability of independent owner/operators to obtain funding from banks for their property in the uncertainty and/or absence of a properly funded and solvent Underground Storage Tank Petroleum Clean-Up Account.
- The possibility of an increase in abandoned retail petroleum distribution facilities by small independent owners/operators who do not have the financial ability to conduct appropriate environmental assessment and remediation activities in accordance with the regulations of the State of Connecticut on their properties. This will adversely affect the property tax base in communities where the properties are abandoned.
- The possible loss of Federal grants to the State of Connecticut under the Diversion Prohibition of the Energy Act of 2005.
- Lay-offs within the retail petroleum distribution and environmental communities, which will have an adverse and duplicative impact of the State of Connecticut through the reduction of income tax payments and an increase in unemployment benefits to be paid.

Continued funding of the State of Connecticut Underground Storage Tank Petroleum Clean-Up Account will facilitate employment in the important environmental sector of the economy while ensuring the financial ability of individual and small owner/operators of retail petroleum distribution facilities to continue environmental assessment and remediation of contamination to the waters and soils of the State of Connecticut. Without this funding the individual and small owner/operators may not be able to financially afford the facilitation of appropriate environmental clean-up activities in a timely manner, if at all.

The Underground Storage Tank Petroleum Clean-Up Account should continue to remain solvent and receive funding as required by the United States Environmental Protection Agency. Drake strongly urges the State of Connecticut Legislature ensure that the Underground Storage Tank Petroleum Clean-Up Account receive funding at its current level as a matter of good public policy which will be protective of

- Public Safety
- Public Health
- Public Welfare and
- The Environment

We respectfully request that you consider our requests to maintain the solvency and viability of the State of Connecticut Underground Storage Tank Petroleum Clean-Up Account.

Sincerely,  
*Drake Petroleum Company, Inc.*

Michele A. Alabiso  
Manager of Environmental Site Assessment & Remediation