

We're Aging. Are Our Tank Systems?

by Carol R. Eighmey, Executive Director, Petroleum Storage Tank Insurance Fund

Whether you've been reading this column as long as I've been writing it (i.e., for most of the last 22 years) or you're newer to our industry, one fact is irrefutable: We're all aging.

The question arises: Is this also true of our tank infrastructure?

Frankly, this question had never crossed my mind until a colleague from the state of Washington recently contacted me. There, private insurance companies market pollution liability policies to tank owners, and the state tank fund provides reinsurance. My colleague had fielded frantic phone calls from two tank owners who had received 60-day cancellation notices from their private insurer. The reason given was the owners' underground tanks were 45-plus years old. The insurance company had told my colleague it would be sending more cancellation notices for "old tanks" in the coming months.

Responding to political pressures in his state, my colleague invited me to serve on a temporary task force of state officials to analyze the problems associated with the nation's aging UST infrastructure. Always a sucker for a challenge, I said yes.

This temporary task force's work is only about half-finished, but it has already been an interesting project. In some states, regulators have — in my view — jumped to a premature conclusion that their UST population is, in fact, aging and that this is a problem worthy of government action. They have imposed a requirement that underground tanks older than a specified age must be removed or replaced.

I have cautioned those colleagues against assuming, as the lawyers say, "facts not in evidence." It has become evident from the task force's work that *state officials do not know whether the average age of USTs in use is greater now than in the past*. The simple reason is that none of us have been routinely calculating the average of your tanks.

Also evident is that decisions based on this questionable assumption probably target the lowest-risk component of the storage system. We all know it is the piping and dispensers from whence cometh most leaks, yet

Figure 2: USTs

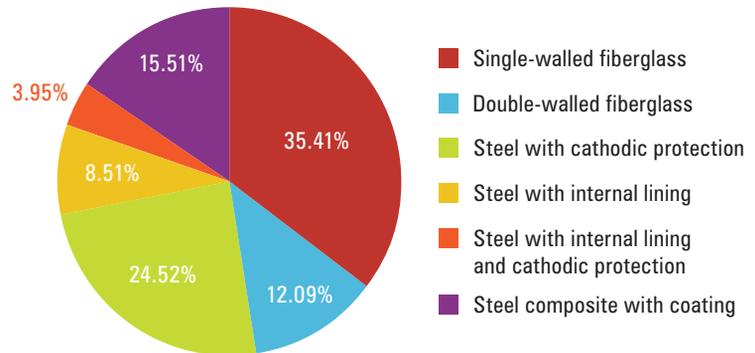
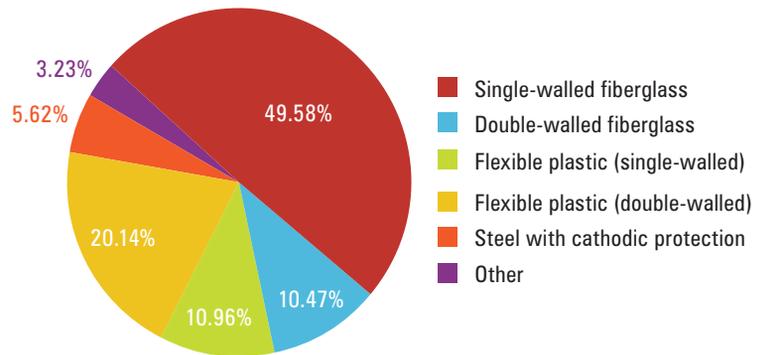


Figure 3: Piping



it seems some regulators — as well as some private insurance companies and their actuaries — only track the age of the tank itself and do not track the age of the piping or dispensers. Not smart.

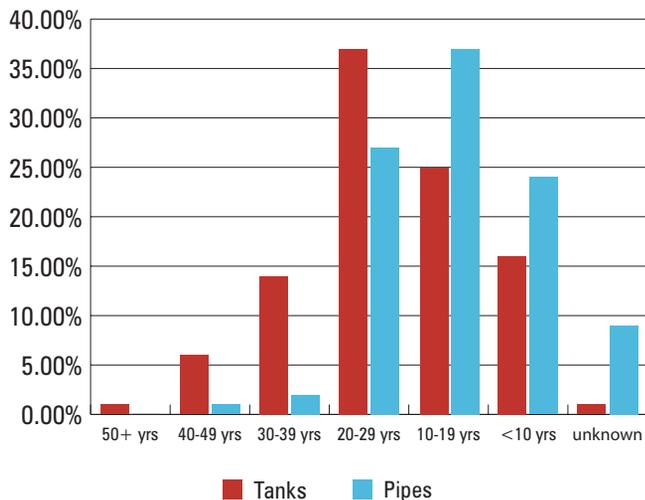
To assist the task force, we've recently analyzed the age of the PSTIF's insured UST population (Figure 1). We learned only about 7 percent of our insured underground tanks are 40 years old or older. The tanks' average age is 23.04 years. More importantly, less than 3 percent of piping is 30 years old or older, and our average piping age is 16.48 years.

To better understand the UST infrastructure, we also analyzed data on the types of tanks (Figure 2) and piping (Figure 3) in use.

A handful of other states are doing similar analyses of their UST data, and the task force will publish a report this fall summarizing its findings.

Task force members have realized that there are numerous other pertinent factors that affect the risk of leaks besides age and type of equipment. It will be interesting to compare other states' data to Missouri's, but I'm confident the report will tell my Washington friend that tank age is only one — and probably not the most important — factor in assessing risk of leaks. Hopefully, the report also will help regulators, insurers and tank owners better understand the nation's UST infrastructure and make sound decisions based on facts.

Figure 1: Age of Underground Tanks and Piping



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