

**South Dakota Petroleum Release Compensation Fund
Annual Soundness Review
Fiscal Year 2017**

March 27, 2018

Observations

The U. S. Environmental Protection Agency (EPA) annually reviews and assesses the soundness of state cleanup funds established to fulfill the federal financial responsibility requirements for owners and/or operators of federally-regulated underground storage tanks (USTs). The EPA's fiscal year (FY) 2017 annual review and assessment of the South Dakota Petroleum Release Compensation Fund (South Dakota State Fund) follows below. The 2017 review is limited in scope and provides observations only. A more detailed analysis of the South Dakota State Fund will take place in FY 2019.

The South Dakota State Fund Soundness Workbook Charts displaying the data the EPA has considered are in Appendix 1 and are based on South Dakota's fiscal year July 1, 2016 through June 30, 2017.

Summary of Findings

The data presented in the *South Dakota FY 2017 Fund Soundness Workbook* did not raise any concerns about the SD State Fund during FY 17. The data trends analyzed by EPA from 2012-2017 show that South Dakota is making progress reducing its backlog of open releases, and decreasing the time to cleanup releases. However, 25 new releases reduced the net reduction of cleanups to three. During State Fiscal 2017, the South Dakota State Fund completed 28 fund-eligible federally regulated (FRFE) cleanups. In addition, the median age of FRFE cleanups completed was 5 months.

2017 Comments and Observations

Findings and Next Steps

In 2017, the number of Federally Regulated Fund Eligible (FRFE) USTs decreased from 2,994 tanks to 2,977. There were 88 open releases from all federally regulated USTs and 47 of these were fund eligible. As stated above, there were 25 new FRFE releases and 28 fund-financed FR cleanups completed during State Fiscal 2018. The SD State Fund ended the year with a net reduction of three open FRFE cleanups (after accounting for 25 new FRFE releases).

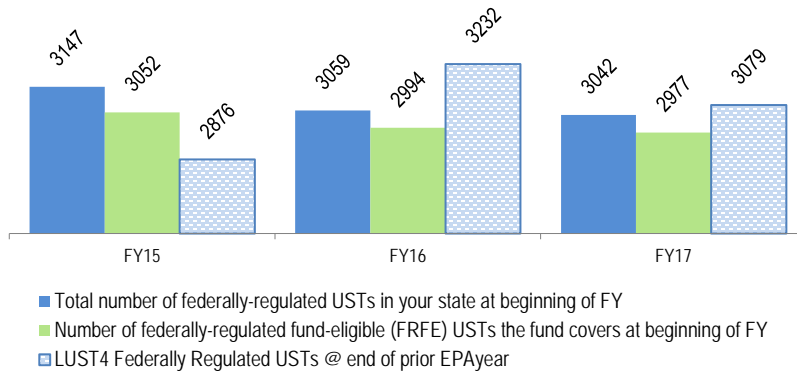
At the end of FY 17, South Dakota reported payments on 24 FRFE releases. According to South Dakota, the estimated FRFE cleanups completed in FY 17 that never received a payment from the State Fund is 39.

In the 2017 EPA State Fund workbook, EPA replaced the Cleanup Pipeline chart with two new charts. The first, Chart 5a (line 29 of workbook) is the median age of FRFE cleanups *started* in the current year. This measure provides a sense of how quickly the SD State Fund addresses *new* releases. The second chart, 5b (line 30 of the workbook) is the median age of FRFE cleanups *completed* this year. This measure provides a sense of how quickly the South Dakota State Fund has completed cleanups that started *years* ago. Line 30 shows the median age of FRFE cleanups started in FY 17 was only five months. The average cost of SD State Fund financed FRFE release cleanups that were closed in FY 17 was \$7,743.

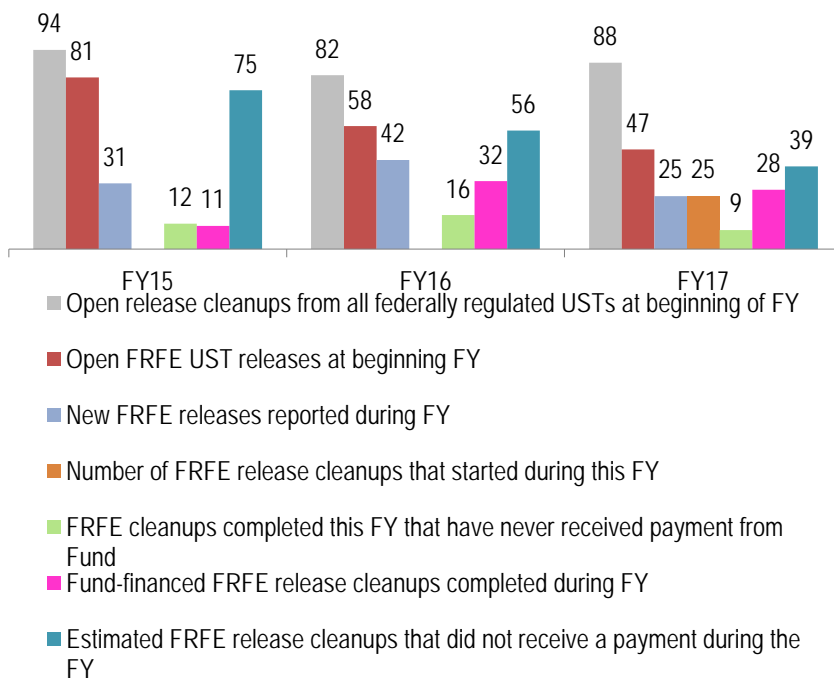
Appendix 1: Data and Charts from South Dakota State Fund

FY 2017 Soundness Workbook

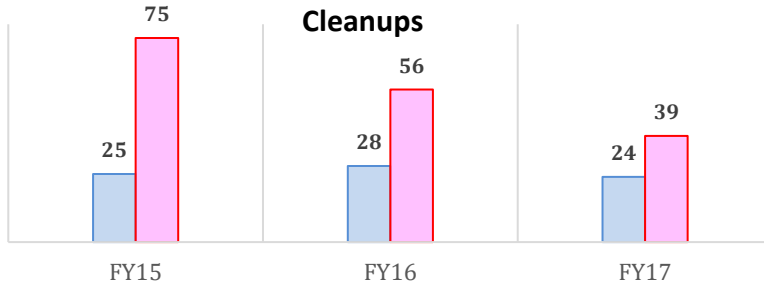
1. USTs Covered By The Fund



2. Fund's Share Of All Open FRFE UST Release Cleanups

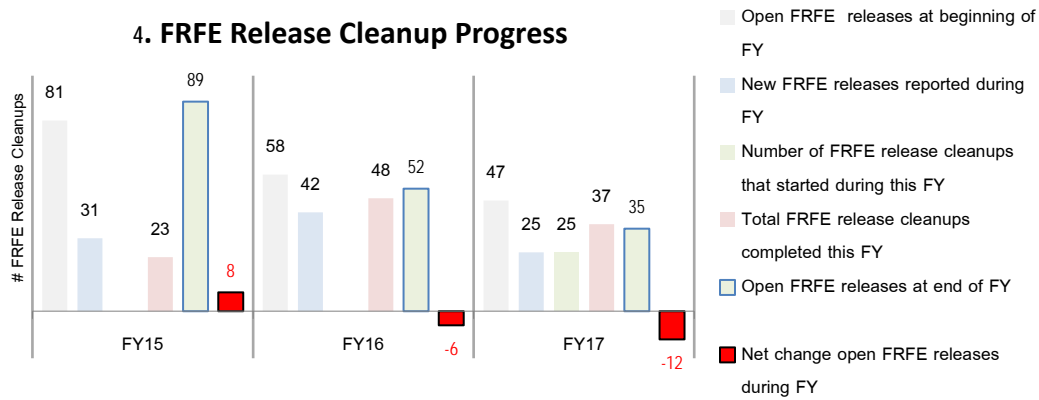


3. Paid & Estimated Unpaid FRFE UST Release Cleanups

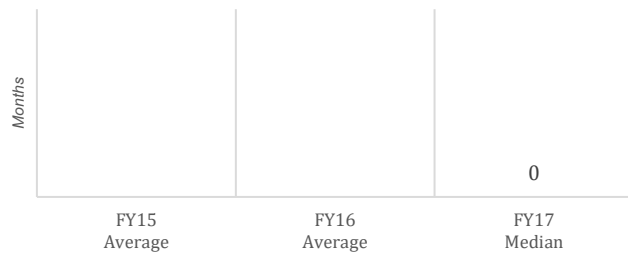


- Number open FRFE release cleanups that received payment from the fund during this FY
- State-refined estimate of unpaid FRFE cleanups

4. FRFE Release Cleanup Progress



5a. Time to Start New FRFE Cleanups Median months from release report to new remediation start



5b. Time to Complete Ongoing Cleanups

Median months from release report to cleanup closure.

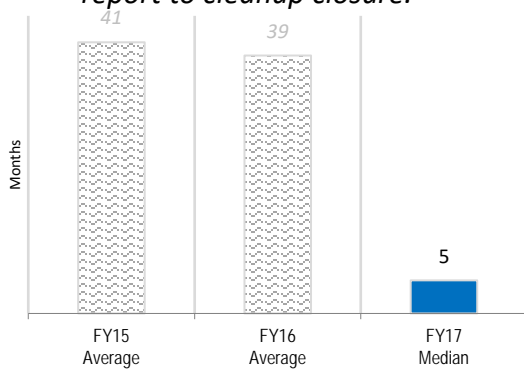
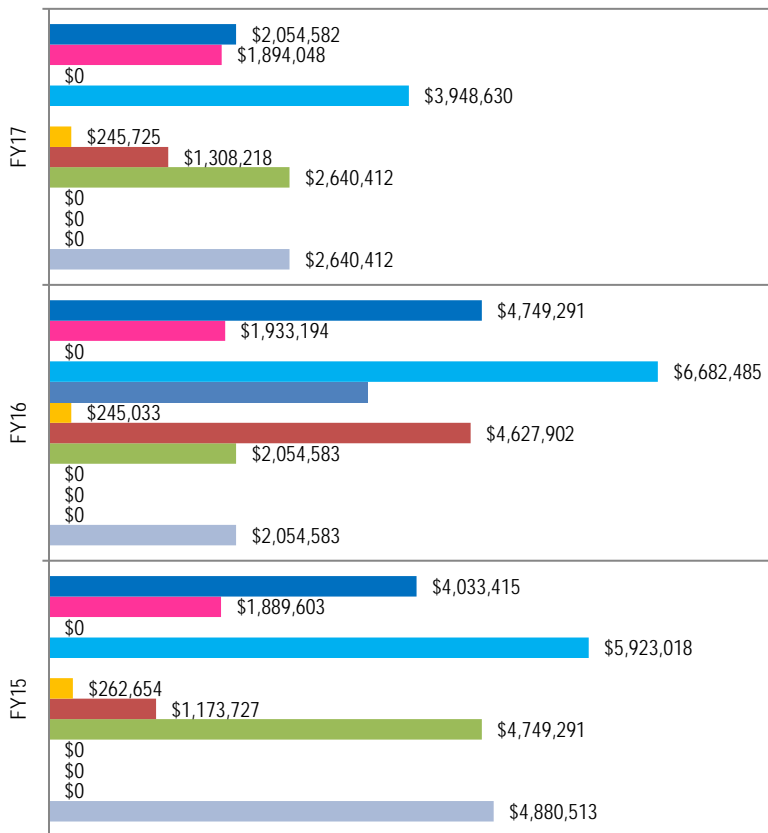
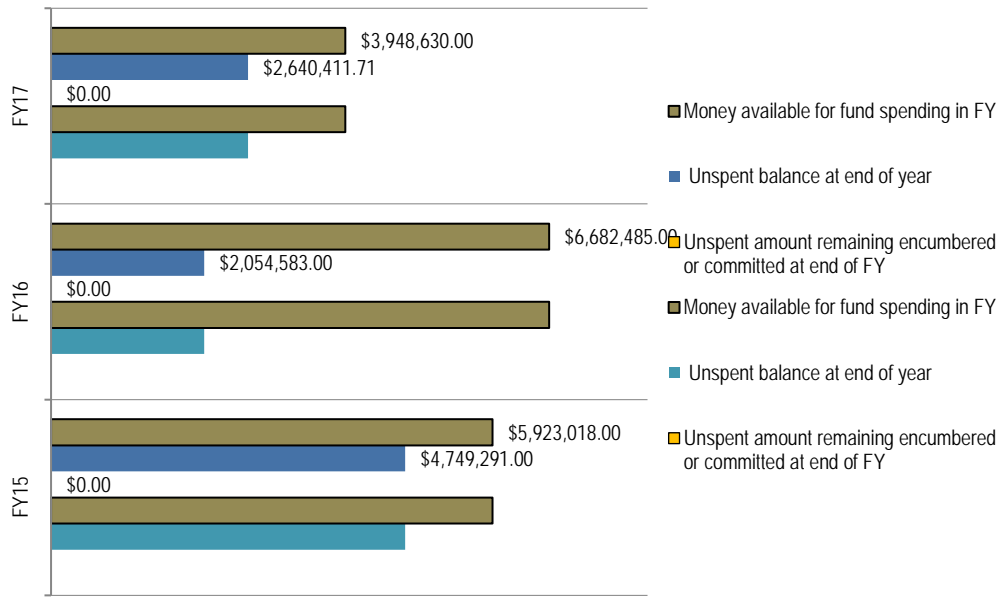


Chart 6. Balance, Income and Spending

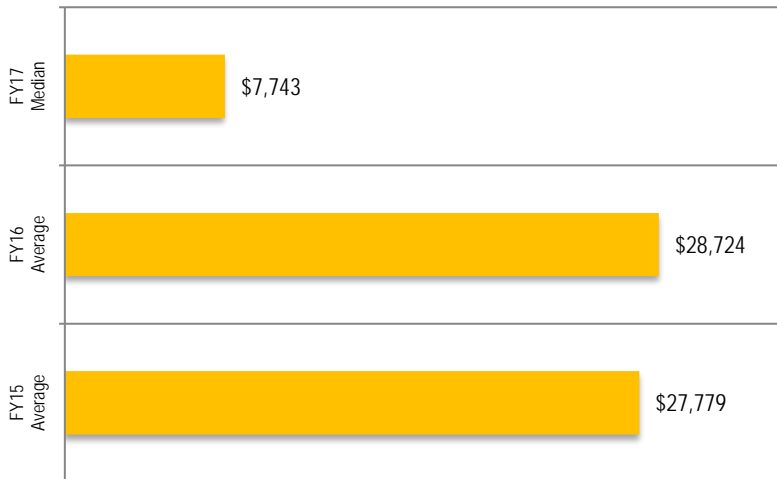


- Cash balance at beginning of year
- Total fund income
- Total dollar value of controls on fund spending during this FY
- Money available for fund spending in FY
- Transfers out of the fund during this FY
- FRFE cleanup reimbursements and direct payments to FRFE cleanup contractors
- Total spending
- Unspent balance at end of year
- Unspent amount remaining encumbered or committed at end of FY
- Additions to end of year balance
- Reductions to end of year balance
- Adjusted end of year balance

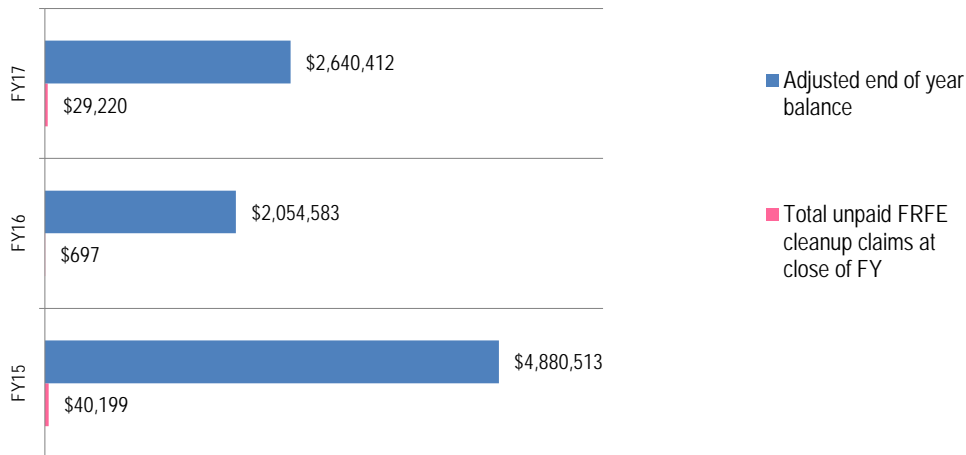
7. Money Available for Spending, Unspent Balance at EOY and Unspent Amount Remaining Encumbered at EOY



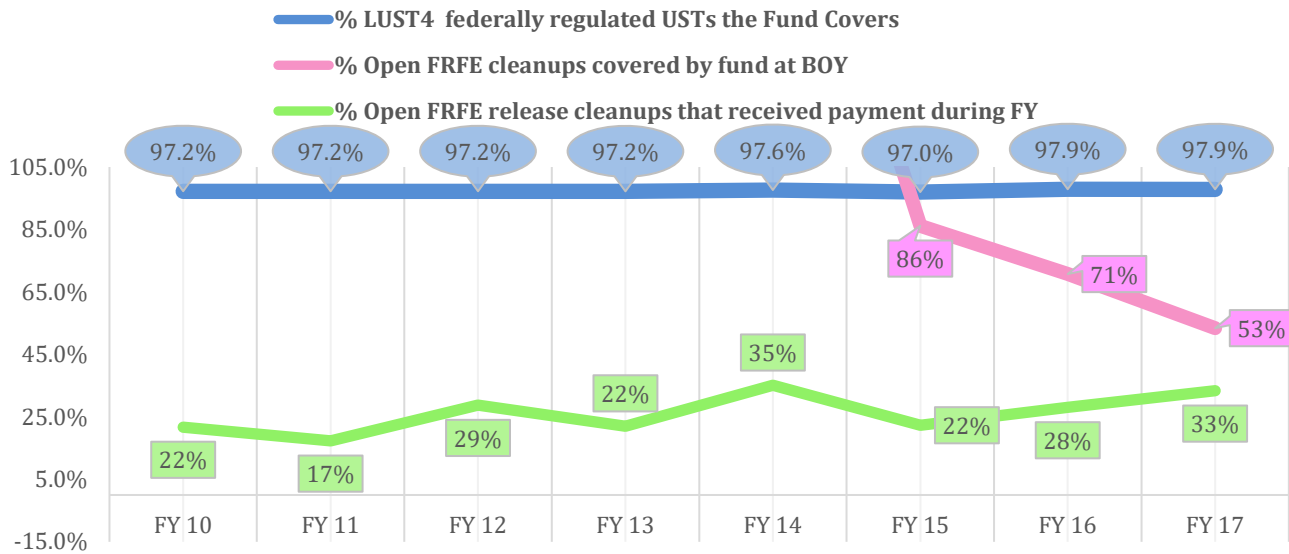
7a *Median* cost of fund-financed FRFE release cleanups completed this FY



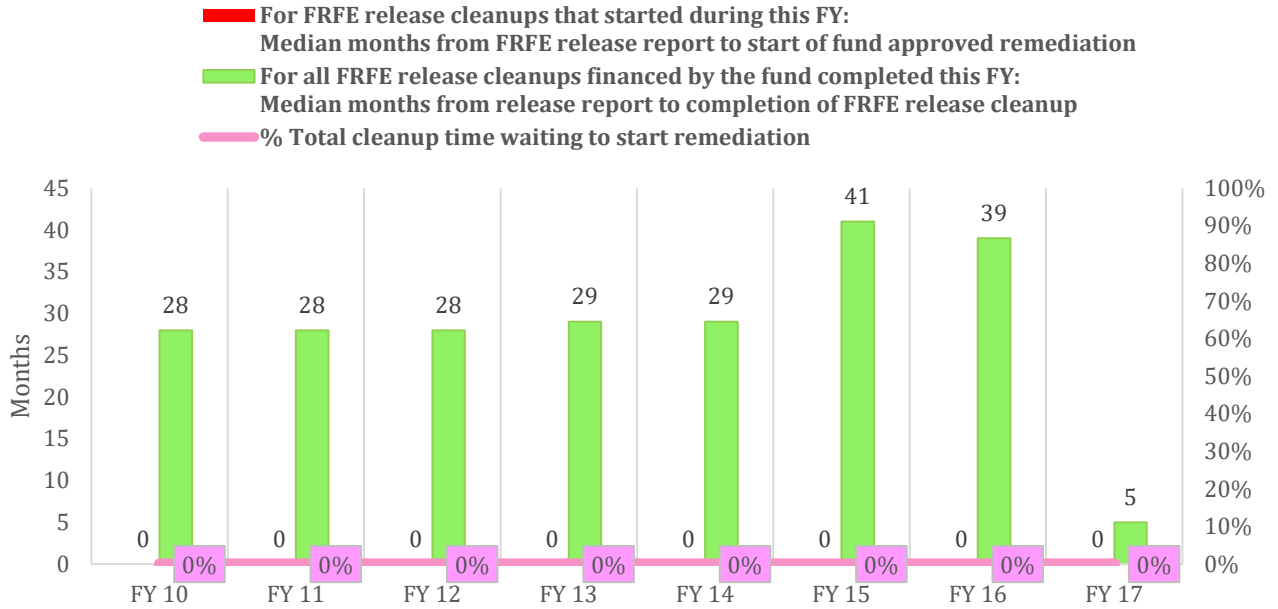
8. EOY Cash Balance And Unpaid Claims



9. Share of USTs and Releases the Fund Covers



10. Backlog Reduction: Time to Start and Complete FRFE Cleanups



11. Backlog Reduction, Money Available and Spending

