

Managing Your UST System

Managing financial resources is an everyday responsibility. Business owners may set aside one day a week or one weekend a month to review financials, compare the balance sheet to the budget, and develop reports, but *managing the budget* occurs everyday. There are many tasks that may be evaluated only occasionally but managing those tasks *must* occur everyday. Managing your petroleum storage system is one such task. As part of our risk management and loss control program, PMMIC inspects your UST system once per year, but you need to manage your system everyday. Management includes routine system inspection.

Let's put equipment inspections and their impact on your business in perspective. Let's compare two pieces of equipment. Ice cream treats are a big seller this time of year so let's use an ice cream freezer and compare it to your UST system. If an ice cream freezer starts to "loose its cool" and allows the temperature to rise above freezing, you risk loosing the contents of the freezer. If you catch it soon enough, you might save the treats before they become unmarketable. Too late and you will loose all of the treats. Your loss is the cost to cleanup the melting mess and, of course, the cost of the treats. You also may have the loss of business caused by the upset customer that didn't get the treat they wanted, when they wanted it, but for the most part the losses are quantifiable.

In theory, the same could be stated for loss of petroleum from a tank system that isn't properly maintained. You pay for lost product and the cleanup cost—however, unlike the melted ice cream on your floor, costs for cleanup of petroleum contamination from subsurface soil and groundwater is not easily projected, and may cost hundreds of thousands of dollars, and could cost you your business.

Unfortunately, in the environmental remediation industry, there is no direct correlation between the cost of the cleanup and the amount of fuel lost. Rather, cleanup costs are dependant upon satisfying a complex regulatory process, and at some point a *regulator*. However, in general, the sooner a leak is discovered and stopped, the less it will cost to cleanup. It costs 6 times more to cleanup a leak discovered by reviewing inventory records than it does to cleanup a leak discovered by a loss control inspection.

Costs average approximately \$60,000 for typical PMMIC claim, but the costs may exceed \$1 million. It would take a large ice cream spill to cause \$60,000 in damages; I don't want to try to consider how much you would have to lose to get to the \$1 million level, although I am sure some kindergarten class has probably discussed the topic. The *point* is both losses are caused by a failure to address a maintenance concern before the damage occurred. The *problem* is that most of you check your freezer temps everyday—those of you who run good businesses check it *several* times per day, but you *do not* check your tank systems everyday. In fact, many of you only do a partial check about once per month ("Did we get a passing ATG reading yet?").

Now let's put a bit of simple math to work in the above example. Store manager leaves at 6 p.m. on Friday, freezer was working properly at last check. Assistant manager is in

charge for the weekend. Manager comes back in Monday morning to find the freezer temps haven't been checked since Friday because "since Saturday morning nobody was buying treats anyway, they would check 'em out, but nobody bought one." Freezer temp is now at 67 degrees and probably has been since Saturday when the customers quit buying, go figure. If the ice cream freezer holds 120 items at an average of \$2 each, the loss of merchandise is \$240. Clerk with bucket and mop will cost about \$8 per hour for one hour to mop the floor and dispose of lost product. Not counting lost business until the freezer is repaired; the total loss is a whopping \$248!

Now let's consider a dispenser leaking one gallon of product per day. The ATG will never detect the loss. Your staff is busy so they don't open the dispensers unless they have to. While they are not checking the dispensers because they don't have to, a leak begins on April 15 (do you see foreshadowing here?) and is not discovered until the PMMIC inspector inspects each of your dispensers on August 15, during your annual insurance inspection. By then, you have lost approximately 120 gallons of product. At roughly \$2 per gallon, a loss of \$240 (only \$60 per month, not bad, huh?). Now you have to notify DNR that you have a release. You contact your environmental consultant who comes out to determine just how much product you did lose and how far it migrated in the soil and groundwater. Probably no bucket and mop involved, but initial assessment and paperwork required for DNR is approximately \$15,000. You contact PMMIC and notify them of the possible claim and we inform you of YOUR \$10,000 deductible. While the environmental consultant is drilling your site, you have to shut down the leaking dispenser and several other dispensers to make room for the assessment activities. Now people with money who want to be your customers can't get gas. And they don't come into the store to buy an ice cream treat from your newly repaired ice cream cooler. Total cost to you is at least \$10,240 plus staff time and lost business. On average, PMMIC will have to pay \$60,000, if the claim is eligible. Next year's insurance rates will reflect the cost of the claim. The headache of cleanup will last from 4 to 10 years.

If you catch the freezer temp starting to rise, you can save the ice cream treats before it is too late. If you observe a small leak at a dispenser, you can usually get it fixed without shutting down any other dispensers and, if caught soon enough, you will not have to conduct any assessment or cleanup. You check freezer temps every day with \$240 at risk. Which system should you be checking everyday?

Remember, maintenance is something you do, not something you did.