

Sec. 22a-449(d)-109. Financial responsibility

(a) Applicability.

(1) This section applies to the owner and operator of a petroleum UST system except as otherwise provided in this section. This section does not apply to the owner and operator of a hazardous substance UST system. State and Federal government entities whose debts and liabilities are the debts and liabilities of a state or the United States are exempt from the requirements of this section.

(2) Owners and operators shall ensure at least one of the available financial responsibility instruments required by this section is established or amended by August 5, 2025, unless the financial responsibility instrument fully complies with this section.

(b) Definition of terms.

In addition to the terms defined in section 22a-449(d)-101 of the UST regulations, when used in this section, the following terms shall have the meanings given below:

(1) “Accidental release” means any sudden or nonsudden release of petroleum from an UST that results in a need for corrective action, compensation for bodily injury or property damage neither expected nor intended by the owner or operator;

(2) “Bodily injury” shall have the meaning given to this term by applicable state law; however, this term shall not include those liabilities which, consistent with standard insurance industry practices, are excluded from coverage in liability insurance policies for bodily injury;

(3) “Chief financial officer” in the case of local government owners and operators, means the individual with the overall authority and responsibility for the collection, disbursement, and use of funds by the local government;

(4) “Controlling interest” means direct ownership of at least 50 percent of the voting stock of another entity;

(5) “EPA” means the United States Environmental Protection Agency;

(6) “Financial reporting year” means the latest consecutive twelve-month period for which any of the following reports used to support a financial test is prepared:

(A) A 10-K report submitted to the SEC;

(B) An annual report of tangible net worth submitted to Dun and Bradstreet; or

(C) An annual report submitted to the Energy Information Administration or the Rural Utilities Service. “Financial reporting year” may thus comprise a fiscal or a calendar year period;

(7) “Legal defense cost” is any expense that an owner or operator or provider of financial assurance incurs in defending against claims or actions brought,

(A) By EPA or a state to require corrective action or to recover the costs of corrective action;

(B) By or on behalf of a third party for bodily injury or property damage caused by an accidental release; or

(C) By any person to enforce the terms of a financial assurance mechanism;

(8) “Local government” means a municipality including any metropolitan district, town, consolidated town and city, consolidated town and borough, city, borough, village, fire and sewer district, sewer district and each municipal organization having authority to levy and collect taxes or make charges for its authorized function;

(9) "Occurrence" means an accident, including continuous or repeated exposure to conditions, which results in a release from an UST. This definition is not intended either to limit the meaning of "occurrence" in a way that conflicts with standard insurance usage or to prevent the use of other standard insurance terms in place of "occurrence";

(10) "Owner or operator" when the owner or operator are separate parties, refers to the party that is obtaining or has obtained financial assurances;

(11) "Petroleum marketing facilities" include all facilities at which petroleum is produced or refined and all facilities from which petroleum is sold or transferred to other petroleum marketers or to the public;

(12) "Property damage" shall have the meaning given this term by Connecticut state law. This term shall not include those liabilities which, consistent with standard insurance industry practices, are excluded from coverage in liability insurance policies for property damage. However, such exclusions for property damage shall not include corrective action associated with releases from tanks which are covered by the policy;

(13) "Provider of financial assurance" means an entity that provides financial assurance to an owner or operator of an UST through one of the mechanisms listed in subsections (e) to (n), inclusive, of this section, including a guarantor, insurer, risk retention group, surety, issuer of a letter of credit, issuer of a state-required mechanism, or a state;

(14) "Substantial business relationship" means the extent of a business relationship necessary under Connecticut state law to make a guarantee contract issued incident to that relationship valid and enforceable. A guarantee contract is issued "incident to that relationship" if it arises from and depends on existing economic transactions between the guarantor and the owner or operator;

(15) "Tangible net worth" means the tangible assets that remain after deducting liabilities; such assets do not include intangibles such as goodwill and rights to patents or royalties. For purposes of this definition, "assets" means all existing and all probable future economic benefits obtained or controlled by a particular entity as a result of past transactions; and

(16) "Termination" under subsection (g)(2) of this section means only those changes that could result in a gap in coverage as where the insured has not obtained substitute coverage or has obtained substitute coverage with a different retroactive date than the retroactive date of the original policy.

(c) Amount and scope of required financial responsibility.

(1) Owners or operators of petroleum USTs shall demonstrate financial responsibility for taking corrective action and for compensating third parties for bodily injury and property damage caused by accidental releases arising from the operation of petroleum USTs in at least the following per-occurrence amounts:

(A) For owners or operators of petroleum USTs that are located at petroleum marketing facilities, or that handle an average of more than 10,000 gallons of petroleum per month based on annual throughput for the previous calendar year; \$1 million.

(B) For all other owners or operators of petroleum USTs; \$500,000.

(2) Owners or operators of petroleum USTs shall demonstrate financial responsibility for taking corrective action and for compensating third parties for bodily injury and property damage caused by accidental releases arising from the operation of petroleum USTs in at

least the following annual aggregate amounts:

- (A) For owners or operators of 1 to 100 petroleum USTs, \$1 million; and
- (B) For owners or operators of 101 or more petroleum USTs, \$2 million.

(3) For the purposes of subdivisions (2), (5) and (6) of this subsection, “a petroleum UST” means a single containment unit and does not mean combinations of single containment units.

(4) Except as provided in subdivision (5) of this subsection, if the owner or operator uses separate mechanisms or separate combinations of mechanisms to demonstrate financial responsibility for:

- (A) Taking corrective action;

(B) Compensating third parties for bodily injury and property damage caused by sudden accidental releases; or

(C) Compensating third parties for bodily injury and property damage caused by nonsudden accidental releases, the amount of assurance provided by each mechanism or combination of mechanisms shall be in the full amount specified in subdivisions (1) and (2) of this subsection.

(5) If an owner or operator uses separate mechanisms or separate combinations of mechanisms to demonstrate financial responsibility for different petroleum USTs, the annual aggregate required shall be based on the number of tanks covered by each such separate mechanism or combination of mechanisms.

(6) Owners or operators shall review the amount of aggregate assurance provided whenever additional petroleum USTs are acquired or installed. If the number of petroleum USTs for which assurance shall be provided exceeds 100, the owner or operator shall demonstrate financial responsibility in the amount of at least \$2 million of annual aggregate assurance by the anniversary of the date on which the mechanism demonstrating financial responsibility became effective. If assurance is being demonstrated by a combination of mechanisms, the owner or operator shall demonstrate financial responsibility in the amount of at least \$2 million of annual aggregate assurance by the first-occurring effective date anniversary of any one of the mechanisms combined (other than a financial test or guarantee) to provide assurance.

(7) The amounts of assurance required under this subsection excludes legal defense costs.

(8) The required per-occurrence and annual aggregate coverage amounts do not in any way limit the liability of the owner or operator.

(d) Allowable mechanisms and combinations of mechanisms.

(1) Subject to the limitation in subdivision (2) of this subsection:

(A) An owner or operator, that is not a local government, may use any one or combination of the mechanisms listed in subsections (e) to (j), inclusive, of this section, as applicable, to demonstrate financial responsibility under this section for one or more USTs.

(B) An owner or operator that is a local government may use any one or combination of the mechanisms listed in subsections (g) to (n), inclusive, of this section, as applicable, to demonstrate financial responsibility under this section for one or more USTs.

(2) An owner or operator may use self-insurance in combination with a guarantee only if, for the purpose of meeting the requirements of the financial test under this section, the financial statements of the owner or operator are not consolidated with the financial

statements of the guarantor.

(e) Financial test of self-insurance.

(1) An owner, operator or guarantor, may satisfy the requirements of subsection (c) of this section by passing a financial test as specified in this section. To pass the financial test of self-insurance, the owner, operator or guarantor shall meet the criteria of subdivisions (2) or (3) of this subsection based on year-end financial statements for the latest completed fiscal year.

(2) (A) The owner, operator or guarantor, shall have a tangible net worth of at least ten times:

(i) The total of the applicable aggregate amount required by subsection (c) of this section, based on the number of USTs for which a financial test is used to demonstrate financial responsibility to the commissioner;

(ii) The sum of the corrective action cost estimates, the current closure and post-closure care cost estimates, and amount of liability coverage for which a financial test is used to demonstrate financial responsibility to EPA under 40 CFR 264.101, 264.143, 264.145, 265.143, 265.145, 264.147, and 265.147 or to any state implementing agency under a state program authorized by EPA under 40 CFR 271; and

(iii) The sum of current plugging and abandonment cost estimates for which a financial test is used to demonstrate financial responsibility to EPA under 40 CFR 144.63 or to any state implementing agency under a state program authorized by EPA under 40 CFR 145.

(B) The owner, operator or guarantor, shall have a tangible net worth of at least \$20 million.

(C) The owner, operator or guarantor shall have a letter signed by the chief financial officer worded as specified in subdivision (4) of this subsection.

(D) The owner, operator or guarantor, shall either:

(i) File financial statements annually with the U.S. Securities and Exchange Commission, the Energy Information Administration, or the Rural Utilities Service; or

(ii) Report annually the firm's tangible net worth to Dun and Bradstreet, and Dun and Bradstreet shall have assigned the firm a financial strength rating of 4A1, 4A2, 5A1 or 5A2.

(E) The firm's year-end financial statements, if independently audited, shall not include an adverse auditor's opinion, a disclaimer of opinion, or a "going concern" qualification.

(3) (A) The owner, operator or guarantor shall meet the financial test requirements of section 22a-449(c)-104 of the Regulations of Connecticut State Agencies incorporating 40 CFR 264.147(f)(1), substituting the appropriate amounts specified in subdivisions (2)(A) and (2)(B) of subsection (c) of this section for the "amount of liability coverage" each time specified in that section.

(B) The fiscal year-end financial statements of the owner, operator or guarantor, shall be examined by an independent certified public accountant and be accompanied by the accountant's report of the examination.

(C) The firm's year-end financial statements shall not include an adverse auditor's opinion, a disclaimer of opinion, or a "going concern" qualification.

(D) The owner, operator or guarantor, shall have a letter signed by the chief financial officer, worded as specified in subdivision (4) of this subsection.

(E) If the financial statements of the owner, operator or guarantor, are not submitted

annually to the U.S. Securities and Exchange Commission, the Energy Information Administration or the Rural Utilities Service, the owner, operator or guarantor, shall obtain a special report by an independent certified public accountant stating that:

(i) Such accountant has compared the data that the letter from the chief financial officer specifies as having been derived from the latest year-end financial statements of the owner, operator or guarantor, with the amounts in such financial statements; and

(ii) In connection with that comparison, no matters came to the attention of such accountant which caused that accountant to believe that the specified data should be adjusted.

(4) To demonstrate that it meets the financial test under subdivisions (2) or (3) of this subsection, the chief financial officer of the owner, operator or guarantor, shall sign, within 120 days of the close of each financial reporting year, as defined by the twelve-month period for which financial statements used to support the financial test are prepared, a letter worded exactly as follows, except that the instructions in brackets are to be replaced by the relevant information and the brackets deleted:

LETTER FROM CHIEF FINANCIAL OFFICER

I am the chief financial officer of {insert: name and address of the owner or operator, or guarantor}. This letter is in support of the use of {insert: “the financial test of self-insurance,” and/or “guarantee”} to demonstrate financial responsibility for {insert: “taking corrective action” and/or “compensating third parties for bodily injury and property damage”} caused by {insert: “sudden accidental releases” or “nonsudden accidental releases” or “accidental releases”} in the amount of at least {insert: dollar amount} per occurrence and {insert: dollar amount} annual aggregate arising from operating (an) underground storage tank(s) (“UST(s)”).

USTs at the following facilities are assured by this financial test or a financial test under an authorized State program by this {insert: “owner or operator,” and/or “guarantor”}: {List for each facility: the name and address of the facility where tanks assured by this financial test are located, and whether tanks are assured by this financial test or a financial test under a State program approved under 40 CFR 281. If separate mechanisms or combinations of mechanisms are being used to assure any of the tanks at this facility, list each tank assured by this financial test or a financial test under a State program authorized under 40 CFR 281 by the tank identification number provided in the notification submitted pursuant to section 22a-449(d)-114 of the Regulations of Connecticut State Agencies (“RCSA”) or the corresponding State requirements.}

A {insert: “financial test,” and/or “guarantee”} is also used by this {insert: “owner or operator,” or “guarantor”} to demonstrate evidence of financial responsibility in the following amounts under other EPA regulations or State programs authorized by EPA under 40 CFR 271 and 145:

EPA and State Regulations	Amount
Closure (40 CFR 264.143 and 265.143)	\$

EPA and State Regulations	Amount
Post-Closure Care (40 CFR 264.145 and 265.145)	\$
Liability Coverage (40 CFR 264.147 and 265.147)	\$
Corrective Action (40 CFR 264.101(b))	\$
Plugging and Abandonment (40 CFR 144.63)	\$
Closure (state requirement)	\$
Post-Closure Care (state requirement)	\$
Liability Coverage (state requirement)	\$
Corrective Action (state requirement)	\$
Plugging and Abandonment (state requirement)	\$
Total	\$

This {insert: “owner or operator,” or “guarantor”} has not received an adverse opinion, a disclaimer of opinion, or a “going concern” qualification from an independent auditor’s financial statements for the latest completed fiscal year.

{Fill in the information for Alternative I if the criteria of subdivision (2) of this subsection of the RCSA are being used to demonstrate compliance with the financial test requirements. Fill in the information for Alternative II if the criteria of subdivision (3) of this subsection of the RCSA are being used to demonstrate compliance with the financial test requirements.}

Alternative I

1. Amount of annual UST aggregate coverage being assured by a financial test, and/or guarantee	\$
2. Amount of corrective action, closure and post-closure care costs, liability coverage, and plugging and abandonment costs covered by a financial test, and/or guarantee	\$
3. Sum of lines 1 and 2	\$
4. Total tangible assets	\$
5. Total liabilities {if any of the amount reported on line 3 is included in total liabilities, you may deduct that amount from this line and add that amount to line 6}	\$
6. Tangible net worth {subtract line 5 from line 4}	\$
	Yes No
7. Is line 6 at least \$20 million?	
8. Is line 6 at least 10 times line 3?	
9. Have financial statements for the latest fiscal year been filed with the Securities and Exchange Commission?	
10. Have financial statements for the latest fiscal year been filed with the Energy Information Administration	

11. Have financial statements for the latest fiscal year been filed with the Rural Utilities Service?
12. Has financial information been provided to Dun and Bradstreet, and has Dun and Bradstreet provided a financial strength rating of 4A1, 4A2, 5A1 or 5A2? {Answer "Yes" only if both criteria have been met.}

Alternative II

1. Amount of annual UST aggregate coverage being assured by a test, and/or guarantee	\$		
2. Amount of corrective action, closure and post-closure care costs, liability coverage, and plugging and abandonment costs covered by a financial test, and/or guarantee	\$		
3. Sum of lines 1 and 2	\$		
4. Total tangible assets	\$		
5. Total liabilities {if any of the amount reported on line 3 is included in total liabilities, you may deduct that amount from this line and add that amount to line 6}	\$		
6. Tangible net worth {subtract line 5 from line 4}	\$		
7. Total assets in the U.S. {required only if less than 90 percent of assets are located in the U.S.}	\$		
		Yes	No
8. Is line 6 at least \$20 million?			
9. Is line 6 at least 6 times line 3?			
10. Are at least 90 percent of assets located in the U.S.? {If "No," complete line 11}			
11. Is line 7 at least 6 times line 3? {Fill in either lines 12-15 or lines 16-18}			
12. Current assets	\$		
13. Current liabilities	\$		
14. Net working capital {subtract line 13 from line 12}	\$		
		Yes	No
15. Is line 14 at least 6 times line 3?			
16. Current bond rating of most recent bond issue			
17. Name of rating service			
18. Date of maturity of bond			
19. Have financial statements for the latest fiscal year been filed with the SEC, the Energy Information Administration, or the Rural Utilities Service?			

{If "No," please attach a report from an independent certified public accountant certifying that there are no material differences between the data as reported in lines 4-18 above and the financial statements for the latest fiscal year.}

{For both Alternative I and Alternative II complete the certification with this statement.}

I hereby certify that the wording of this letter is identical to the wording specified in subdivision (4) of this subsection as such regulations were constituted on the date shown immediately below.

{Signature}

{Name}

{Title}

{Date}

(5) If an owner or operator using the financial test to provide financial assurance finds that he or she no longer meets the requirements of the financial test based on the year-end financial statements, the owner or operator shall obtain alternative coverage within 150 days of the end of the year for which financial statements have been prepared.

(6) The commissioner may require reports of financial condition at any time from the owner, operator or guarantor. If the commissioner finds, on the basis of such reports or other information, that the owner, operator or guarantor, no longer meets the financial test requirements of subdivisions (2) or (3) and (4) of this subsection, the owner or operator shall obtain alternate coverage within 30 days after notification of such a finding.

(7) If the owner, operator or guarantor fails to obtain alternate assurance within 150 days of finding that he or she no longer meets the requirements of the financial test based on the year-end financial statements, or within 30 days of notification by the commissioner that he or she no longer meets the requirements of the financial test, the owner, operator or guarantor shall notify the commissioner of such failure within 10 days.

(8) An owner, operator or guarantor may only use Alternative II in the Letter from the Chief Financial Officer if such owner, operator or guarantor has a current investment grade bond rating for the most recent bond issuance of AAA, AA, A or BBB as issued by Standard and Poor's, or Aaa, Aa, A, or Baa as issued by Moody's.

(f) Guarantee.

(1) An owner or operator may satisfy the requirements of subsection (c) of this section by obtaining a guarantee that conforms to the requirements of this subsection. The guarantor shall be:

(A) A firm that:

(i) possesses a controlling interest in the owner or operator;

(ii) possesses a controlling interest in a firm described under clause (i) of this subparagraph; or,

(iii) is controlled through stock ownership by a common parent firm that possesses a controlling interest in the owner or operator; or,

(B) A firm engaged in a substantial business relationship with the owner or operator and issuing the guarantee as an act incident to that business relationship.

(2) Within 120 days of the close of each financial reporting year the guarantor shall demonstrate that it meets the financial test criteria of subsection (e) of this section based on year-end financial statements for the latest completed financial reporting year by completing

the letter from the chief financial officer described in subdivision (4) of subsection (e) of this section and shall deliver the letter to the owner or operator. If the guarantor fails to meet the requirements of the financial test at the end of any financial reporting year, within 120 days of the end of the financial reporting year the guarantor shall send by certified mail or other trackable mail service approved by the commissioner, before cancellation or nonrenewal of the guarantee, notice to the owner or operator and the commissioner. If the commissioner notifies the guarantor that the guarantor no longer meets the requirements of the financial test of subdivisions (2) or (3) and (4) of subsection (e) of this section, the guarantor shall notify the owner or operator within 10 days of receiving such notification from the commissioner. In both cases, the guarantee shall terminate not less than 120 days after the date the owner or operator and the commissioner receives the notification, whichever is later, as evidenced by the return receipts. The owner or operator shall obtain alternative coverage as specified in subdivision (5) of subsection (u) of this section.

(3) The guarantee shall be worded as follows, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

GUARANTEE

Guarantee made this {date} by {name of guaranteeing entity}, a business entity organized under the laws of the state of {name of state}, herein referred to as guarantor, to {the State of Connecticut's Commissioner of Energy and Environmental Protection} and to any and all third parties, and obligees, on behalf of {owner or operator} of {business address}.

Recitals

(1) Guarantor meets or exceeds the financial test criteria of subsections (e) (2) or (3) and (4) of the Regulations of Connecticut State Agencies ("RCSA") and agrees to comply with the requirements for guarantors as specified in subsection (f)(2) of the RCSA.

(2) {Owner or operator} owns or operates the following underground storage tank(s) ("UST(s)") covered by this guarantee: {List the number of tanks at each facility and the name(s) and address(es) of the facility(ies) where the tanks are located. If more than one instrument is used to assure different tanks at any one facility, for each tank covered by this instrument, list the tank identification number provided in the notification submitted pursuant to section 22a-449(d)-102(b) of the RCSA or the corresponding state requirement, and the name and address of the facility.} This guarantee satisfies the requirements of section 22a-449(d)-109 of the RCSA for assuring funding for {insert: "taking corrective action" and/or "compensating third parties for bodily injury and property damage caused by" either "sudden accidental releases" or "nonsudden accidental releases" or "accidental releases"; if coverage is different for different tanks or locations, indicate the type of coverage applicable to each tank or location} arising from operating the above-identified UST(s) in the amount of {insert dollar amount} per occurrence and {insert dollar amount} annual aggregate.

(3) {Insert appropriate phrase: "On behalf of our subsidiary" (if guarantor is corporate parent of the owner or operator); "On behalf of our affiliate" (if guarantor is a related firm of the owner or operator); or "Incident to our business relationship with" (if guarantor is providing the guarantee as an incident to a substantial business relationship with owner or

operator)} {owner or operator}, guarantor guarantees to {the State of Connecticut's Commissioner of Energy and Environmental Protection} and to any and all third parties that:

In the event that {owner or operator} fails to provide alternative coverage within 30 days after receipt of a notice of cancellation of this guarantee and the Commissioner has determined or suspects that a release has occurred at an UST covered by this guarantee, the guarantor, upon instructions from the Commissioner, shall fund a standby trust fund in accordance with the provisions of section 22a-449(d)-109(s) of the RCSA, in an amount not to exceed the coverage limits specified above.

In the event that the Commissioner determines that {owner or operator} has failed to perform corrective action for releases arising out of the operation of the above-identified tank(s) in accordance with section 22a-449(d)-106 of the RCSA, the guarantor upon written instructions from the Commissioner shall fund a standby trust in accordance with the provisions of section 22a-449(d)-109(s) of the RCSA in an amount not to exceed the coverage limits specified above.

If {owner or operator} fails to satisfy a judgment or award based on a determination of liability for bodily injury or property damage to third parties caused by {"sudden" and/or "nonsudden"} accidental releases arising from the operation of the above-identified tank(s), or fails to pay an amount agreed to in settlement of a claim arising from or alleged to arise from such injury or damage, the guarantor, upon written instructions from the Commissioner, shall fund a standby trust in accordance with the provisions of section 22a-449(d)-109(s) of the RCSA to satisfy such judgment(s), award(s), or settlement agreement(s) up to the limits of coverage specified above.

(4) Guarantor agrees that if, at the end of any fiscal year before cancellation of this guarantee, the guarantor fails to meet the financial test criteria of sections 22a-449(d)-109(f)(2) or (3) and (4) of the RCSA, guarantor shall send within 120 days of such failure, by certified mail or other trackable mail service approved by the Commissioner, notice to {owner or operator} and the Commissioner. The guarantee shall terminate 120 days from the date of receipt of the notice by {owner or operator} and the Commissioner, whichever is later, as evidenced by the return receipts.

(5) Guarantor agrees to notify {owner or operator} by certified mail or other trackable mail service approved by the Commissioner of a voluntary or involuntary proceeding under Title 11 (Bankruptcy), U.S. Code naming guarantor as debtor, within 10 days after commencement of the proceeding.

(6) Guarantor agrees to remain bound under this guarantee notwithstanding any modification or alteration of any obligation of {owner or operator} to sections 22a-449(d)-101 to 114, inclusive, of the RCSA.

(7) Guarantor agrees to remain bound under this guarantee for so long as {owner or operator} shall comply with the applicable financial responsibility requirements of this section for the above-identified tank(s), except that guarantor may cancel this guarantee by sending notice by certified mail or other trackable mail service approved by the Commissioner to {owner or operator} and the Commissioner, such cancellation to become effective no earlier than 120 days after receipt of such notice by {owner or operator} and the Commissioner, whichever is later, as evidenced by the return receipts.

(8) The guarantor's obligation does not apply to any of the following:

- (a) Any obligation of {insert owner or operator} under a workers' compensation, disability benefits, or unemployment compensation law or other similar law;
- (b) Bodily injury to an employee of {insert owner or operator} arising from, and in the course of, employment by {insert owner or operator};
- (c) Bodily injury or property damage arising from the ownership, maintenance, use, or entrustment to others of any aircraft, motor vehicle, or watercraft;
- (d) Property damage to any property owned, rented, loaned to, in the care, custody, or control of, or occupied by {insert owner or operator} that is not the direct result of a release from a petroleum UST;
- (e) Bodily damage or property damage for which {insert owner or operator} is obligated to pay damages by reason of the assumption of liability in a contract or agreement other than a contract or agreement entered into to meet the requirements of section 22a-449(d)-109(c) of the RCSA.

(9) Guarantor expressly waives notice of acceptance of this guarantee by the Commissioner, by any or all third parties, or by {owner or operator}.

I hereby certify that the wording of this guarantee is identical to the wording specified in section 22a-449(d)-109(f)(3) of the RCSA as such regulations were constituted on {insert effective date} shown immediately below.

Effective date:

{Name of guarantor}
{Authorized signature for guarantor}
{Name of person signing}
{Title of person signing}

Signature of witness or notary:

(4) An owner or operator who uses a guarantee to satisfy the requirements of subsection (c) of this section shall establish a standby trust fund when the guarantee is obtained. Under the terms of the guarantee, all amounts paid by the guarantor under the guarantee shall be deposited directly into the standby trust fund in accordance with instructions from the commissioner under subsection (s) of this section. This standby trust fund shall meet the requirements specified in subsection (k) of this section.

(g) Insurance and risk retention group coverage.

(1) An owner or operator may satisfy the requirements of subsection (c) of this section by obtaining liability insurance that conforms to the requirements of this section from a qualified insurer or risk retention group. Such insurance may be in the form of a separate insurance policy or an endorsement to an existing insurance policy.

(2) Each insurance policy shall be amended by an endorsement worded as specified in subdivision (2)(A) of this subsection, or evidenced by a certificate of insurance worded as specified in subdivision (2)(B) of this subsection, except that instructions in brackets shall be replaced with the relevant information and the brackets deleted:

(A) Endorsement

Name: {name of each covered location}

Address: {address of each covered location}

Policy Number: _____

Period of Coverage: {current policy period}

Name of {Insurer or Risk Retention Group}:

Address of {Insurer or Risk Retention Group}:

Name of Insured: _____

Address of Insured:

ENDORSEMENT:

1. This endorsement certifies that the policy to which the endorsement is attached provides liability insurance covering the following underground storage tanks ("USTs"):

{List the number of tanks at each facility and the name(s) and address(es) of the facility(ies) where the tanks are located. If more than one instrument is used to assure different tanks at any one facility, for each tank covered by this instrument, list the tank identification number provided in the notification submitted pursuant to section 22a-449(d)-114 of the Regulations of Connecticut State Agencies ("RCSA"), and the name and address of the facility} for {insert: "taking corrective action" and/or "compensating third parties for bodily injury and property damage caused by" either "sudden accidental releases" or "nonsudden accidental releases" or "accidental releases"; in accordance with and subject to the limits of liability, exclusions, conditions, and other terms of the policy; if coverage is different for different tanks or locations, indicate the type of coverage applicable to each tank or location} arising from operating the UST(s) identified above.

The limits of liability are {insert the dollar amount of the "each occurrence" and "annual aggregate" limits of the Insurer's or Group's liability; if the amount of coverage is different for different types of coverage or for different USTs or locations, indicate the amount of coverage for each type of coverage and/or for each UST or location}, exclusive of legal defense costs, which are subject to a separate limit under the policy. This coverage is provided under {policy number}. The effective date of said policy is {date}.

2. The insurance afforded with respect to such occurrences is subject to all of the terms and conditions of the policy; provided, however, that any provisions inconsistent with subsections (a) to (e), inclusive, of this Paragraph 2 are hereby amended to conform with subsections (a) to (e), inclusive;

a. Bankruptcy or insolvency of the insured shall not relieve the {"Insurer" or "Group"} of its obligations under the policy to which this endorsement is attached.

b. The {"Insurer" or "Group"} is liable for the payment of amounts within any

deductible applicable to the policy to the provider of corrective action or a damaged third-party, with a right of reimbursement by the insured for any such payment made by the {"Insurer" or "Group"}. This provision does not apply with respect to that amount of any deductible for which coverage is demonstrated under another mechanism or combination of mechanisms as specified in subsections 22a-449(d)-109(e) to (j), inclusive, of the RCSA, as applicable.

c. Whenever requested by the Commissioner of Energy and Environmental Protection, the {"Insurer" or "Group"} agrees to furnish to the Commissioner a signed duplicate original of the policy and all endorsements.

d. Cancellation or any other termination of the insurance by the {"Insurer" or "Group"}, except for non-payment of premium or misrepresentation by the insured, shall be effective only upon written notice and only after the expiration of 60 days after a copy of such written notice is received by the insured and the Commissioner. Cancellation for non-payment of premium or misrepresentation by the insured shall be effective only upon written notice and only after expiration of a minimum of 10 days after a copy of such written notice is received by the insured and the Commissioner.

{Insert for claims-made policies:

e. The insurance covers claims otherwise covered by the policy that are reported to the {"Insurer" or "Group"} within six months of the effective date of cancellation or non-renewal of the policy except where the new or renewed policy has the same retroactive date or a retroactive date earlier than that of the prior policy, and which arise out of any covered occurrence that commenced after the policy retroactive date, if applicable, and prior to such policy renewal or termination date. Claims reported during such extended reporting period are subject to the terms, conditions, limits, including limits of liability, and exclusions of the policy.}

I hereby certify that the wording of this instrument is identical to the wording in section 22a-449(d)-109(g)(2)(A) of the RCSA and that the {"Insurer" or "Group"} is {"licensed to transact the business of insurance or eligible to provide insurance as an excess or surplus lines insurer in one or more states"}.

{Signature of authorized representative of Insurer or Risk Retention Group}

{Name of person signing}

{Title of person signing}, Authorized Representative of {name of Insurer or Risk Retention Group}

{Address of Representative}

(B) Certificate of Insurance

Name: {name of each covered location}

Address: {address of each covered location}

Policy Number: _____

Endorsement (if applicable): _____

Period of Coverage: {current policy period}

Name of {Insurer or Risk Retention Group}:

Address of {Insurer or Risk Retention Group}:

Name of Insured:

Address of Insured:

Certification:

1. {Name of Insurer or Risk Retention Group}, {the "Insurer" or "Group"}, as identified above, hereby certifies that it has issued liability insurance covering the following underground storage tank(s) ("UST(s)"): {List the number of tanks at each facility and the name(s) and address(es) of the facility(ies) where the tanks are located. If more than one instrument is used to assure different tanks at any one facility, for each tank covered by this instrument, list the tank identification number provided in the notification submitted pursuant to section 22a-449(d)-114 of the Regulations of Connecticut State Agencies ("RCSA"), and the name and address of the facility} for {insert: "taking corrective action" and/or "compensating third parties for bodily injury and property damage caused by" either "sudden accidental releases" or "nonsudden accidental releases" or "accidental releases"; in accordance with and subject to the limits of liability, exclusions, conditions, and other terms of the policy; if coverage is different for different tanks or locations, indicate the type of coverage applicable to each tank or location} arising from operating the UST(s) identified above.

The limits of liability are {insert the dollar amount of the "each occurrence" and "annual aggregate" limits of the Insurer's or Group's liability; if the amount of coverage is different for different types of coverage or for different USTs or locations, indicate the amount of coverage for each type of coverage and/or for each UST or location}, exclusive of legal defense costs, which are subject to a separate limit under the policy. This coverage is provided under {policy number}. The effective date of said policy is {date}.

2. The {"Insurer" or "Group"} further certifies the following with respect to the insurance described in Paragraph 1:

a. Bankruptcy or insolvency of the insured shall not relieve the {"Insurer" or "Group"} of its obligations under the policy to which this certificate applies.

b. The {"Insurer" or "Group"} is liable for the payment of amounts within any deductible applicable to the policy to the provider of corrective action or a damaged third-party, with a right of reimbursement by the insured for any such payment made by the {"Insurer" or "Group"}. This provision does not apply with respect to that amount of any deductible for which coverage is demonstrated under another mechanism or combination of mechanisms as specified in subsections 22a-449(d)-109(e) to (j), inclusive, of the RCSA.

c. Whenever requested by the Commissioner of Energy and Environmental Protection, the {"Insurer" or "Group"} agrees to furnish to the Commissioner a signed duplicate original

of the policy and all endorsements.

d. Cancellation or any other termination of the insurance by the {"Insurer" or "Group"}, except for non-payment of premium or misrepresentation by the insured, shall be effective only upon written notice and only after the expiration of 60 days after a copy of such written notice is received by the insured and the Commissioner. Cancellation for non-payment of premium or misrepresentation by the insured shall be effective only upon written notice and only after expiration of a minimum of 10 days after a copy of such written notice is received by the insured and the Commissioner.

{Insert for claims-made policies:

e. The insurance covers claims otherwise covered by the policy that are reported to the {"Insurer" or "Group"} within six months of the effective date of cancellation or non-renewal of the policy except where the new or renewed policy has the same retroactive date or a retroactive date earlier than that of the prior policy, and which arise out of any covered occurrence that commenced after the policy retroactive date, if applicable, and prior to such policy renewal or termination date. Claims reported during such extended reporting period are subject to the terms, conditions, limits, including limits of liability, and exclusions of the policy.}

I hereby certify that the wording of this instrument is identical to the wording in section 22a-449(d)-109(g)(2)(B) of the RCSA and that the {"Insurer" or "Group"} is {"licensed to transact the business of insurance, or eligible to provide insurance as an excess or surplus lines insurer, in one or more states"}. I further certify that the policy conforms in all respects with the requirements in section 22a-449(d)-109(g) of the RCSA, and any inconsistencies with such regulations are hereby amended to eliminate such inconsistencies.

{Signature of authorized representative of Insurer}

{Type name}

{Title}, Authorized Representative of {name of Insurer or Risk Retention Group}

{Address of Representative}

(3) Each insurance policy shall be issued by an insurer or a risk retention group that, at a minimum, is licensed to transact the business of insurance or eligible to provide insurance as an excess or surplus lines insurer in one or more states.

(h) Surety bond.

(1) An owner or operator may satisfy the requirements of subsection (c) of this section by obtaining a surety bond that conforms to the requirements of this section. The surety company issuing the bond shall be among those listed as acceptable sureties on federal bonds in the latest Circular 570 of the U.S. Department of the Treasury.

(2) The surety bond shall be worded as follows, except that instructions in brackets shall be replaced with the relevant information and the brackets deleted:

PERFORMANCE BOND

Date bond executed: _____

Period of coverage: _____

Principal: {legal name and business address of owner or operator}

Type of organization: {insert "individual," "joint venture," "partnership," or

"corporation"}

State of incorporation (if applicable):

Surety(ies): {name(s) and business address(es)}

Scope of Coverage: {List the number of tanks at each facility and the name(s) and address(es) of the facility(ies) where the tanks are located. If more than one instrument is used to assure different tanks at any one facility, for each tank covered by this instrument, list the tank identification number provided in the notification submitted pursuant to section 22a-449(d)-114 of the Regulations of Connecticut State Agencies ("RCSA"), or the corresponding state requirement, and the name and address of the facility. List the coverage guaranteed by the bond: "taking corrective action" and/or "compensating third parties for bodily injury and property damage caused by" either "sudden accidental releases" or "nonsudden accidental releases" or "accidental releases" "arising from operating the UST"}.

Penal sums of bond:

Per occurrence \$_____

Annual aggregate \$_____

Surety's bond number:_____

Know All Persons by These Presents, that we, the Principal and Surety(ies), hereto are firmly bound to the Commissioner of Energy and Environmental Protection, in the above penal sums for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Surety(ies) are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sums jointly and severally only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sums only as is set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sums.

Whereas said Principal is required under section 22a-449(d)-109 of the RCSA, to provide financial assurance for {insert: "taking corrective action" and/or "compensating third parties for bodily injury and property damage caused by" either "sudden accidental releases" or "nonsudden accidental releases" or "accidental releases"; if coverage is different for different tanks or locations, indicate the type of coverage applicable to each tank or location} arising from operating the underground storage tanks identified above, and

Whereas said Principal shall establish a standby trust fund as is required when a surety bond is used to provide such financial assurance;

Now, therefore, the conditions of the obligation are such that if the Principal shall faithfully "take corrective action, in accordance with section 22a-449(d)-106 of the RCSA and the Commissioner's instructions for," and/or "compensate injured third parties for bodily injury and property damage caused by" either "sudden" or "nonsudden" or "sudden and nonsudden" accidental releases arising from operating the tank(s) identified above, or if the Principal shall provide alternate financial assurance, as specified in section 22a-449(d)-109(p) of the RCSA, 120 days after the date the notice of cancellation is received by the

Principal from the Surety(ies), then this obligation shall be null and void; otherwise it is to remain in full force and effect.

Such obligation does not apply to any of the following:

- (a) Any obligation of {insert owner or operator} under a workers' compensation, disability benefits, or unemployment compensation law or other similar law;
- (b) Bodily injury to an employee of {insert owner or operator} arising from, and in the course of, employment by {insert owner or operator};
- (c) Bodily injury or property damage arising from the ownership, maintenance, use, or entrustment to others of any aircraft, motor vehicle, or watercraft;
- (d) Property damage to any property owned, rented, loaned to, in the care, custody, or control of, or occupied by {insert owner or operator} that is not the direct result of a release from a petroleum underground storage tank;
- (e) Bodily injury or property damage for which {insert owner or operator} is obligated to pay damages by reason of the assumption of liability in a contract or agreement other than a contract or agreement entered into to meet the requirements of section 22a-449(d)-109(c) of the RCSA.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above.

Upon notification by the Commissioner that the Principal has failed to {"take corrective action, in accordance with section 22a-449(d)-106 of the RCSA and the Commissioner's instructions," and/or "compensate injured third parties"} as guaranteed by this bond, the Surety(ies) shall either perform {"corrective action in accordance with sections 22a-449(d)-101 to 114, inclusive, of the RCSA and the Commissioner's instructions," and/or "third-party liability compensation"} or place funds in an amount up to the annual aggregate penal sum into the standby trust fund as directed by the Commissioner under section 22a-449(d)-109(s) of the RCSA.

Upon notification by the Commissioner that the Principal has failed to provide alternate financial assurance within 60 days after the date the notice of cancellation is received by the Principal and the Commissioner, whichever is later, from the Surety(ies) and that the Commissioner has determined or suspects that a release has occurred, the Surety(ies) shall place funds in an amount not exceeding the annual aggregate penal sum into the standby trust fund as directed by the Commissioner under section 22a-449(d)-109(s) of the RCSA.

The Surety(ies) hereby waive(s) notification of amendments to applicable laws, statutes, rules, and regulations and agrees that no such amendment shall in any way alleviate its (their) obligation on this bond.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the annual aggregate to the penal sum shown on the face of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of said annual aggregate penal sum.

The Surety(ies) may cancel the bond by sending notice of cancellation by certified mail or other trackable mail service approved by the Commissioner to the Principal and the Commissioner in accordance with section 22a-449(d)-109(p) of the RCSA, provided, however, that cancellation shall not occur during the 120 days beginning on the date of receipt of the notice of cancellation by the Principal and the Commissioner, whichever is

later, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the Surety(ies).

In Witness Thereof, the Principal and Surety(ies) have executed this Bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety(ies) and that the wording of this surety bond is identical to the wording specified in section 22a-449(d)-109(h)(2) of the RCSA as such regulations were constituted on the date this bond was executed.

Principal

{Signature(s)} _____

{Names(s)} _____

{Title(s)} _____

{Corporate seal}

Corporate Surety(ies)

{Name and address} _____

{State of Incorporation} _____

{Liability limit}: \$ _____

{Signature(s)} _____

{Names(s) and title(s)} _____

{Corporate seal}

{For every co-surety, provide signature(s), corporate seal, and other information in the same manner as for Surety above.}

Bond premium: \$ _____

(3) Under the terms of the bond, the surety shall become liable on the bond obligation when the owner or operator fails to perform as guaranteed by the bond. In all cases, the surety's liability is limited to the per-occurrence and annual aggregate penal sums.

(4) The owner or operator who uses a surety bond to satisfy the requirements of subsection 22a-449(d)-109(c) of this section shall establish a standby trust fund when the surety bond is acquired. Under the terms of the bond, all amounts paid by the surety under the bond shall be deposited directly into the standby trust fund in accordance with instructions from the commissioner under subsection (s) of this section. This standby trust fund shall meet the requirements specified in subsection (n) of this section.

(i) Letter of credit.

(1) An owner or operator may satisfy the requirements of subsection (c) of this section by obtaining an irrevocable standby letter of credit that conforms to the requirements of this section. The issuing institution shall be an entity that has the authority to issue letters of credit in each state where used and whose letter-of-credit operations are regulated and examined by a federal or state agency.

(2) The letter of credit shall be worded as follows, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

IRREVOCABLE STANDBY LETTER OF CREDIT

{Name and address of issuing institution}

{Name and address of the Commissioner of Energy and Environmental Protection}

Dear Sir or Madam: We hereby establish our Irrevocable Standby Letter of Credit No. — in your favor, at the request and for the account of {owner or operator name} of {address} up to the aggregate amount of {in words} U.S. dollars (\$ {insert dollar amount}), available upon presentation "by any one of you" of

- (1) your sight draft, bearing reference to this letter of credit, No. — , and
- (2) your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to regulations issued under authority of section 22a-449(d) of the Connecticut General Statutes."

This letter of credit may be drawn on to cover {insert: "taking corrective action" and/or "compensating third parties for bodily injury and property damage caused by" either "sudden accidental releases" or "nonsudden accidental releases" or "accidental releases"} arising from operating the underground storage tank(s) identified below in the amount of {in words} \$ {insert dollar amount} per occurrence and {in words} \$ {insert dollar amount} annual aggregate:

{List the number of tanks at each facility and the name(s) and address(es) of the facility(ies) where the tanks are located. If more than one instrument is used to assure different tanks at any one facility, for each tank covered by this instrument, list the tank identification number provided in the notification submitted pursuant to subsection 22a-449(d)-114 of the Regulation of Connecticut State Agencies ("RCSA"), or the corresponding state requirement, and the name and address of the facility.}

The letter of credit may not be drawn on to cover any of the following:

- (a) Any obligation of {insert owner or operator} under workers compensation, disability benefits, or unemployment compensation law or other similar law;
- (b) Bodily injury to an employee of {insert owner or operator} arising from, and in the course of, employment by {insert owner or operator};
- (c) Bodily injury or property damage arising from the ownership, maintenance, use, or entrustment to others of any aircraft, motor vehicle, or watercraft;
- (d) Property damage to any property owned, rented, loaned to, in the care, custody, or control of, or occupied by {insert owner or operator} that is not the direct result of a release from a petroleum underground storage tank;
- (e) Bodily injury or property damage for which {insert owner or operator} is obligated to pay damages by reason of the assumption of liability in a contract or agreement other than a contract or agreement entered into to meet the requirements of subsection 22a-449(d)-109(d) of the RCSA.

This letter of credit is effective as of {date} and shall expire on {date}, but such expiration date shall be automatically extended for a period of {at least the length of the original term} on {expiration date} and on each successive expiration date, unless, at least 120 days before the current expiration date, we notify {owner or operator} and the Commissioner by certified mail or other trackable mail service approved by the Commissioner that we have decided not to extend this letter of credit beyond the current expiration date. In the event that {owner or operator} and Commissioner are so notified, any unused portion of the credit shall be available upon presentation of your sight draft for 120 days after the date of receipt by {owner or operator} and the Commissioner, whichever is later, as shown on the signed return receipts.

Whenever this letter of credit is drawn on under and in compliance with the terms of this credit, we shall duly honor such draft upon presentation to us, and we shall deposit the amount of the draft directly into the standby trust fund of {owner or operator} in accordance with your instructions.

We certify that the wording of this letter of credit is identical to the wording specified in section 22a-449(d)-109(i)(2) of the RCSA as such regulations were constituted on the date shown immediately below.

{Signature(s) and title(s) of official(s) of issuing institution}

{Date}

This credit is subject to {insert "the most recent edition of the Uniform Customs and Practice for Documentary Credits, published by the International Chamber of Commerce," or "the Uniform Commercial Code" }.

(3) An owner or operator who uses a letter of credit to satisfy the requirements of subsection (c) the this section shall also establish a standby trust fund when the letter of credit is acquired. Under the terms of the letter of credit, all amounts paid pursuant to a draft by the commissioner shall be deposited by the issuing institution directly into the standby trust fund in accordance with instructions from the commissioner under subsection (s) of this section. This standby trust fund shall meet the requirements specified in subsection (k) of this section.

(4) The letter of credit shall be irrevocable with a term specified by the issuing institution. The letter of credit shall provide that credit be automatically renewed for the same term as the original term, unless, at least 120 days before the current expiration date, the issuing institution notifies the owner or operator and the commissioner by certified mail or other trackable mail service approved by the commissioner of its decision not to renew the letter of credit. Under the terms of the letter of credit, the 120 days shall begin on the date when the owner or operator and the commissioner receive the notice, whichever is later, as evidenced by the return receipts.

(j) Trust fund.

(1) An owner or operator may satisfy the requirements of subsection (c) of this section by establishing a trust fund that conforms to the requirements of this section. The trustee shall be an entity that has the authority to act as a trustee and whose trust operations are regulated and examined by a federal agency or an agency of the state in which the fund is established.

(2) The wording of the trust agreement shall be identical to the wording specified in subdivision (2)(A) of subsection (k) of this section, and shall be accompanied by a formal certification of acknowledgement as specified in subdivision (2)(B) of subsection (k) of this section.

(3) The trust fund, when established, shall be funded for the full required amount of coverage, or funded for part of the required amount of coverage and used in combination with other mechanism(s) that provide the remaining required coverage.

(4) If the value of the trust fund is greater than the required amount of coverage, the owner or operator may submit a written request to the commissioner for release of the excess.

(5) If other financial assurance as specified in this section is substituted for all or part of

the trust fund, the owner or operator may submit a written request to the commissioner for release of the excess.

(6) Within 60 days after receiving a request satisfactory to the commissioner from the owner or operator for release of funds as specified in subdivisions (4) or (5) of this subsection, the commissioner shall instruct the trustee to release to the owner or operator such funds as the commissioner specifies in writing.

(k) Standby trust fund.

(1) An owner or operator using any one of the mechanisms authorized by subsections (f), (h) or (i) of this section shall establish a standby trust fund when the mechanism is acquired. The trustee of the standby trust fund shall be an entity that has the authority to act as a trustee and whose trust operations are regulated and examined by a Federal agency or an agency of the state in which the fund is established.

(2) (A) The standby trust agreement, or trust agreement, shall be worded as follows, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

TRUST AGREEMENT

Trust agreement, the "Agreement," entered into as of {date} by and between {name of the owner or operator}, a {name of state} {insert "corporation," "partnership," "association," or "proprietorship"}, the "Grantor," and {name of corporate trustee}, {insert "Incorporated in the state of _____" or "a national bank"}, the "Trustee."

Whereas, the Connecticut Department of Energy and Environmental Protection, "DEEP", has established certain regulations applicable to the Grantor, requiring that an owner or operator of an underground storage tank ("UST") shall provide assurance that funds shall be available when needed for corrective action and third-party compensation for bodily injury and property damage caused by sudden and nonsudden accidental releases arising from the operation of the UST. The attached Schedule A lists the number of tanks at each facility and the name(s) and address(es) of the facility(ies) where the tanks are located that are covered by the {insert "standby" where trust agreement is standby trust agreement} trust agreement.

{Whereas, the Grantor has elected to establish {insert either "a guarantee," "surety bond," or "letter of credit"} to provide all or part of such financial assurance for the UST(s) identified herein and is required to establish a standby trust fund able to accept payments from the instrument (This paragraph is only applicable to the standby trust agreement.)};

Whereas, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this agreement, and the Trustee is willing to act as trustee;

Now, therefore, the Grantor and the Trustee agree as follows:

Section 1. Definitions

As used in this Agreement:

(a) The term "Grantor" means the owner or operator who enters into this Agreement and any successors or assigns of the Grantor.

(b) The term "Trustee" means the Trustee who enters into this Agreement and any successor Trustee.

Section 2. Identification of the Financial Assurance Mechanism

This Agreement pertains to the {identify the financial assurance mechanism, either a guarantee, surety bond, or letter of credit, from which the standby trust fund is established to receive payments (This paragraph is only applicable to the standby trust agreement.)}.

Section 3. Establishment of Fund

The Grantor and the Trustee hereby establish a trust fund, the "Fund," for the benefit of the Commissioner of Energy and Environmental Protection. The Grantor and the Trustee intend that no third party have access to the Fund except as herein provided. {The Fund is established initially as a standby to receive payments and shall not consist of any property.} Payments made by the provider of financial assurance pursuant to Commissioner's instruction are transferred to the Trustee and are referred to as the Fund, together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement.

The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount or adequacy of, nor any duty to collect from the Grantor as provider of financial assurance, any payments necessary to discharge any liability of the Grantor established by the Commissioner.

Section 4. Payment for {"Corrective Action" and/or "Third-Party Liability Claims"}

The Trustee shall make payments from the Fund as the Commissioner shall direct, in writing, to provide for the payment of the costs of {insert: "taking corrective action" and/or compensating third parties for bodily injury and property damage caused by either "sudden accidental releases" or "nonsudden accidental releases" or "accidental releases"} arising from operating the tanks covered by the financial assurance mechanism identified in this Agreement.

The Fund may not be drawn upon to cover any of the following:

- (a) Any obligation of {insert owner or operator} under a workers' compensation, disability benefits, or unemployment compensation law or other similar law;
- (b) Bodily injury to an employee of {insert owner or operator} arising from, and in the course of employment by {insert owner or operator};
- (c) Bodily injury or property damage arising from the ownership, maintenance, use, or entrustment to others of any aircraft, motor vehicle, or watercraft;
- (d) Property damage to any property owned, rented, loaned to, in the care, custody, or control of, or occupied by {insert owner or operator} that is not the direct result of a release from a petroleum UST;
- (e) Bodily injury or property damage for which {insert owner or operator} is obligated to pay damages by reason of the assumption of liability in a contract or agreement other than a contract or agreement entered into to meet the requirements of subsection 22a-449(d)-109(c) of the Regulations of Connecticut State Agencies ("RCSA").

The Trustee shall reimburse the Grantor, or other persons as specified by the Commissioner, from the Fund for corrective action expenditures and/or third-party liability claims in such amounts as the Commissioner shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the Commissioner specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 5. Payments Comprising the Fund

Payments made to the Trustee for the Fund shall consist of cash and securities acceptable

to the Trustee.

Section 6. Trustee Management

The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this Section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge his duties with respect to the trust fund solely in the interest of the beneficiaries and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that:

- (i) Securities or other obligations of the Grantor, or any other owner or operator of the tanks, or any of their affiliates as defined in the Investment Company Act of 1940, as amended, 15 U.S.C. 80a-2(a), shall not be acquired or held, unless they are securities or other obligations of the federal or a state government;
- (ii) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the federal or state government; and
- (iii) The Trustee is authorized to hold cash awaiting investment or distribution uninvested for a reasonable time and without liability for the payment of interest thereon.

Section 7. Commingling and Investment

The Trustee is expressly authorized in its discretion:

- (a) To transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940, 15 U.S.C. 80a-1 et seq., including one which may be created, managed, underwritten, or to which investment advice is rendered or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee

Without in any way limiting the powers and discretions conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity or expediency of any such sale or other disposition;
- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (c) To register any securities held in the Fund in its own name or in the name of a nominee and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other

fiduciary capacities, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the United States Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;

(d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the federal or state government; and

(e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses

All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10. Advice of Counsel

The Trustee may from time to time consult with counsel, who may be counsel to the Grantor, with respect to any questions arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting upon the advice of counsel.

Section 11. Trustee Compensation

The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing from time to time with the Grantor.

Section 12. Successor Trustee

The Trustee may resign or the Grantor may replace the Trustee, but such resignation or replacement shall not be effective until the Grantor has appointed a successor trustee and this successor accepts the appointment. The successor trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee or for instructions. The successor trustee shall specify the date on which it assumes administration of the trust in writing sent to the Grantor, the Commissioner and the present Trustee by certified mail or other trackable mail service approved by the Commissioner 10 days before such change becomes effective. The successor trustee shall certify in writing sent to the Grantor, the Commissioner and the present Trustee that the successor trustee is qualified to act as a trustee in accordance with section 22a-449(d)-109(k)(1) of the RCSA. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this Section shall be paid as provided in Section 9.

Section 13. Instructions to the Trustee

All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are designated in the attached Schedule B or such other designees as the Grantor may designate by amendment to Schedule B. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. All orders, requests, and instructions by the Commissioner to the Trustee shall be in writing, signed by the Commissioner, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor or the Commissioner hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or the Commissioner, except as provided for herein.

Section 14. Amendment of Agreement

This Agreement may be amended by an instrument in writing executed by the Grantor and the Trustee, or by the Trustee and the Commissioner if the Grantor ceases to exist.

Section 15. Irrevocability and Termination

Subject to the right of the parties to amend this Agreement as provided in Section 14, this Trust shall be irrevocable and shall continue until terminated at the written direction of the Grantor and the Trustee, or by the Trustee and the Commissioner, if the Grantor ceases to exist. Upon termination of the Trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor.

Section 16. Immunity and Indemnification

The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this Trust, or in carrying out any directions by the Grantor or the Commissioner issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 17. Choice of Law

This Agreement shall be administered, construed, and enforced according to the laws of the state of Connecticut, or the Comptroller of the Currency in the case of National Association banks.

Section 18. Interpretation

As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement.

In Witness whereof the parties have caused this Agreement to be executed by their respective officers duly authorized and their corporate seals (if applicable) to be hereunto affixed and attested as of the date first above written. The parties below certify that the wording of this Agreement is identical to the wording specified in subsection 22a-449(d)-109(k)(2)(A) of the RCSA as such regulations were constituted on the date written above.

{Signature of Grantor}

{Name of the Grantor}
{Title} Attest:
{Signature of Trustee}
{Name of the Trustee}
{Title}
{Seal} {Signature of Witness}
{Name of the Witness}
{Title}
{Seal}

(B) The standby trust agreement, or trust agreement shall be accompanied by a formal certification of acknowledgement similar to the following. State requirements may differ on the proper content of this acknowledgment.

State of _____

County of _____

On this {date}, before me personally came {owner or operator} to me known, who, being by me duly sworn, did depose and say that she/he resides at {address}, that she/he is {title} of {corporation}, the corporation described in and which executed the above instrument; that she/he knows the seal of said corporation; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that she/he signed her/his name thereto by like order.

{Signature of Notary Public}

{Name of Notary Public}

(3) The commissioner shall instruct the trustee to refund the balance of the standby trust fund to the provider of financial assurance if the commissioner determines that no additional corrective action costs or third-party liability claims shall occur as a result of a release covered by the financial assurance mechanism for which the standby trust fund was established.

(4) An owner or operator may establish one trust fund as the depository mechanism for all funds assured in compliance with this rule.

(l) Local Government Bond Rating Test

(1) A general purpose local government owner or operator or local government serving as a guarantor may satisfy the requirements of subsection (c) of this section by having a currently outstanding issue or issues of general obligation bonds of \$1 million or more, excluding refunded obligations, with an investment grade Moody's bond rating of Aaa, Aa, A, or Baa, or an investment grade Standard & Poor's bond rating of AAA, AA, A, or BBB. Where a local government has multiple outstanding issues, or where a local government's bonds are rated by both Moody's and Standard and Poor's, the lowest rating shall be used to determine eligibility. Bonds that are backed by credit enhancement other than municipal bond insurance may not be considered in determining the amount of applicable bonds outstanding.

(2) A local government owner or operator or local government serving as a guarantor that is not a general-purpose local government and does not have the legal authority to issue general obligation bonds may satisfy the requirements of subsection (c) of this section by having a currently outstanding issue or issues of revenue bonds of \$1 million or more,

excluding refunded issues and by also having an investment grade Moody's bond rating of Aaa, A, A, or Baa, or an investment grade Standard & Poor's bond rating of AAA, AA, A, or BBB as the lowest rating for any rated revenue bond issued by the local government. Where bonds are rated by both Moody's and Standard & Poor's, the lower rating for each bond shall be used to determine eligibility. Bonds that are backed by credit enhancement may not be considered in determining the amount of applicable bonds outstanding.

(3) The local government owner or operator, or guarantor shall maintain a copy of its bond rating published within the last 12 months by Moody's or Standard & Poor's.

(4) To demonstrate that it meets the local government bond rating test, the chief financial officer of a general purpose local government owner or operator, or guarantor shall sign a letter worded exactly as follows, except that the instructions in brackets are to be replaced by the relevant information and the brackets deleted:

Letter from Chief Financial Officer

I am the chief financial officer of {insert: name and address of local government owner or operator, or guarantor}. This letter is in support of the use of the bond rating test to demonstrate financial responsibility for {insert: "taking corrective action" and/or "compensating third parties for bodily injury and property damage"} caused by {insert: "sudden accidental releases", "nonsudden accidental releases" or "accidental releases"} in the amount of at least {insert: dollar amount} per occurrence and {insert: dollar amount} annual aggregate arising from operating (an) underground storage tank(s) ("UST(s)").

USTs at the following facilities are assured by this bond rating test: {List for each facility: the name and address of the facility where tanks are assured by the bond rating test}.

The details of the issue date, maturity, outstanding amount, bond rating, and bond rating agency of all outstanding bond issues that are being used by {name of local government owner or operator, or guarantor} to demonstrate financial responsibility are as follows: {complete table}

Issue date	Maturity date	Outstanding amount	Bond rating	Rating agency
				{Moody's or Standard & Poor's}

The total outstanding obligation of {insert amount}, excluding refunded bond issues, exceeds the minimum amount of \$1 million. All outstanding general obligation bonds issued by this government that have been rated by Moody's or Standard & Poor's are rated as at least investment grade (Moody's Baa or Standard & Poor's BBB) based on the most recent bond ratings published within the last twelve (12) months. Neither rating service has provided notification within the last twelve (12) months of downgrading of bond ratings below investment grade or of withdrawal of bond rating other than for repayment of outstanding bond issues.

I hereby certify that the wording of this letter is identical to the wording specified in section 22a-449(d)-109(l) of the Regulations of Connecticut State Agencies as such regulations were constituted on the date shown immediately below.

(Date)

(Signature)

(Name)

(Title)

(5) To demonstrate compliance with the local government bond rating test, the chief financial officer of local government owner or operator, or guarantor other than a general purpose government shall sign a letter worded exactly as follows, except that the instructions in brackets are to be replaced by the relevant information and the brackets deleted:

Letter from Chief Financial Officer

I am the chief financial officer of {insert: name and address of local government owner or operator, or guarantor}. This letter is in support of the use of the bond rating test to demonstrate financial responsibility for {insert: "taking corrective action" and/or "compensating third parties for bodily injury and property damage"} caused by {insert: "sudden accidental releases" or "nonsudden accidental releases" or "accidental releases"} in the amount of at least {insert: dollar amount} per occurrence and {insert: dollar amount} annual aggregate arising from operating (an) underground storage tank(s) ("UST(s)"). This local government is not organized to provide general governmental services and does not have the legal authority under state law or constitutional provisions to issue general obligation debt.

USTs at the following facilities are assured by this bond rating test: {List for each facility: the name and address of the facility where tanks are assured by the bond rating test}.

The details of the issue date, maturity, outstanding amount, bond rating, and bond rating agency of all outstanding revenue bond issues that are being used by {name of local government owner or operator, or guarantor} to demonstrate financial responsibility are as follows: {complete table}

Issue date	Maturity date	Outstanding amount	Bond rating	Rating agency
				{Moody's or Standard & Poor's}

The total outstanding obligation of {insert amount}, excluding refunded bond issues, exceeds the minimum amount of \$1 million. All outstanding revenue bonds issued by this government that have been rated by Moody's or Standard & Poor's are rated as at least investment grade (Moody's Baa or Standard & Poor's BBB) based on the most recent bond ratings published within the last twelve (12) months. The revenue bonds listed are not backed by third-party credit enhancement or are insured by a municipal bond insurance company. Neither rating service has provided notification within the last twelve (12) months of downgrading of bond ratings below investment grade or of withdrawal of bond rating other than for repayment of outstanding bond issues.

I hereby certify that the wording of this letter is identical to the wording specified in section 22a-449(d)-109(l) of the Regulations of Connecticut State Agencies as such regulations were constituted on the date shown immediately below.

(Date)_____

(Signature)_____

(Name) _____

(Title) _____

(6) The commissioner may require reports of financial condition at any time from the local government owner, operator or local government guarantor. If the commissioner finds, on the basis of such reports or other information, that the local government owner or operator, or guarantor no longer meets the local government bond rating test requirements of this subsection, the local government owner or operator shall obtain alternative coverage within 30 days after notification of such a finding.

(7) If a local government owner or operator, or guarantor using the bond rating test to provide financial assurance finds that it no longer meets the bond rating test requirements, the local government owner or operator shall obtain alternative coverage within 150 days of the change in status.

(8) If the local government owner or operator fails to obtain alternate assurance within 150 days of finding that it no longer meets the requirements of the bond rating test or within 30 days of notification by the commissioner that it no longer meets the requirements of the bond rating test, the owner or operator shall notify the commissioner of such failure within 10 days.

(m) Local government financial test.

(1) A local government owner or operator may satisfy the requirements of subsection (c) of this section by passing the financial test specified in this section. To be eligible to use the financial test, the local government owner or operator shall have the ability and authority to assess and levy taxes or to freely establish fees and charges. To pass the local government financial test, the owner or operator shall meet the criteria of subdivisions (2)(B) and (C) of this section based on year-end financial statements for the latest completed fiscal year.

(2) (A) The local government owner or operator shall have the following information available, as shown in the year-end financial statements for the latest completed fiscal year:

(i) Total revenues: Consists of the sum of general fund operating and non-operating revenues including net local taxes, licenses and permits, fines and forfeitures, revenues from use of money and property, charges for services, investment earnings, sales (property, publications, etc.), intergovernmental revenues (restricted and unrestricted), and total revenues from all other governmental funds including enterprise, debt service, capital projects, and special revenues, but excluding revenues to funds held in a trust or agency capacity. For purposes of this test, the calculation of total revenues shall exclude all transfers between funds under the direct control of the local government using the financial test (interfund transfers), liquidation of investments, and issuance of debt;

(ii) Total expenditures: Consists of the sum of general fund operating and non-operating expenditures including public safety, public utilities, transportation, public works, environmental protection, cultural and recreational, community development, revenue sharing, employee benefits and compensation, office management, planning and zoning, capital projects, interest payments on debt, payments for retirement of debt principal, and total expenditures from all other governmental funds including enterprise, debt service, capital projects, and special revenues. For purposes of this test, the calculation of total expenditures shall exclude all transfers between funds under the direct control of the local government using the financial test (interfund transfers);

- (iii) Local revenues: Consists of total revenues (as defined in paragraph (2)(A)(i) of this section) minus the sum of all transfers from other governmental entities, including all monies received from Federal, state, or local government sources;
- (iv) Debt service: Consists of the sum of all interest and principal payments on all long-term credit obligations and all interest-bearing short-term credit obligations. Includes interest and principal payments on general obligation bonds, revenue bonds, notes, mortgages, judgments, and interest bearing warrants. Excludes payments on non-interest-bearing short-term obligations, interfund obligations, amounts owed in a trust or agency capacity, and advances and contingent loans from other governments;
- (v) Total funds: Consists of the sum of cash and investment securities from all funds, including general, enterprise, debt service, capital projects, and special revenue funds, but excluding employee retirement funds, at the end of the local government's financial reporting year. Includes Federal securities, Federal agency securities, state and local government securities, and other securities such as bonds, notes and mortgages. For purposes of this test, the calculation of total funds shall exclude agency funds, private trust funds, accounts receivable, value of real property, and other non-security assets; and
- (vi) Population consists of the number of people in the area served by the local government.

(B) The local government's year-end financial statements, if independently audited, shall not include an adverse auditor's opinion or a disclaimer of opinion. The local government shall not have outstanding issues of general obligation or revenue bonds that are rated as less than investment grade.

(C) The local government owner or operator shall have a letter signed by the chief financial officer worded as specified in subdivision (3) of this subsection.

(3) To demonstrate that it meets the financial test under subdivision (2) of this subsection, the chief financial officer of the local government owner or operator shall sign, within 120 days of the close of each financial reporting year, as defined by the twelve-month period for which financial statements used to support the financial test are prepared, a letter worded exactly as follows, except that the instructions in brackets are to be replaced by the relevant information and the brackets deleted:

Letter From Chief Financial Officer

I am the chief financial officer of {insert: name and address of the owner or operator}. This letter is in support of the use of the local government financial test to demonstrate financial responsibility for {insert: "taking corrective action" and/or "compensating third parties for bodily injury and property damage"} caused by {insert: "sudden accidental releases", "nonsudden accidental releases" or "accidental releases"} in the amount of at least {insert: dollar amount} per occurrence and {insert: dollar amount} annual aggregate arising from operating (an) underground storage tank(s) ("UST(s)").

USTs at the following facilities are assured by this financial test {List for each facility: the name and address of the facility where tanks assured by this financial test are located. If separate mechanisms or combinations of mechanisms are being used to assure any of the tanks at this facility, list each tank assured by this financial test by the tank identification number provided in the notification submitted pursuant to section 22a-449(d)-114 of the

Regulations of Connecticut State Agencies (“RCSA”).}

This owner or operator has not received an adverse opinion, or a disclaimer of opinion from an independent auditor on its financial statements for the latest completed fiscal year. Any outstanding issues of general obligation or revenue bonds, if rated, have a Moody’s rating of Aaa, Aa, A, or Baa or a Standard and Poor’s rating of AAA, AA, A, or BBB; if rated by both firms, the bonds have a Moody’s rating of Aaa, Aa, A, or Baa and a Standard and Poor’s rating of AAA, AA, A, or BBB.

Worksheet for Local Government Financial Test

Part I: Basic Information

1. Total Revenues

a. Revenues (dollars) _____

Value of revenues excludes liquidation of investments and issuance of debt. Value includes all general fund operating and non-operating revenues, as well as all revenues from all other governmental funds including enterprise, debt service, capital projects, and special revenues, but excluding revenues to funds held in a trust or agency capacity.

b. Subtract interfund transfers (dollars) _____

c. Total Revenues (dollars) _____

2. Total Expenditures

a. Expenditures (dollars) _____

Value consists of the sum of general fund operating and non-operating expenditures including interest payments on debt, payments for retirement of debt principal, and total expenditures from all other governmental funds including enterprise, debt service, capital projects, and special revenues.

b. Subtract interfund transfers (dollars) _____

c. Total Expenditures (dollars) _____

3. Local Revenues

a. Total Revenues (from 1c) (dollars) _____

b. Subtract total intergovernmental transfers (dollars) _____

c. Local Revenues (dollars) _____

4. Debt Service

a. Interest and fiscal charges (dollars) _____

b. Add debt retirement (dollars) _____

c. Total Debt Service (dollars) _____

5. Total Funds (Dollars)_____

(Sum of amounts held as cash and investment securities from all funds, excluding amounts held for employee retirement funds, agency funds, and trust funds)

6. Population (Persons)_____

Part II: Application of Test

7. Total Revenues to Population

- a. Total Revenues (from 1c)_____
- b. Population (from 6)_____
- c. Divide 7a by 7b _____
- d. Subtract 417 _____
- e. Divide by 5,212 _____
- f. Multiply by 4.095 _____

8. Total Expenses to Population

- a. Total Expenses (from 2c)_____
- b. Population (from 6)_____
- c. Divide 8a by 8b _____
- d. Subtract 524 _____
- e. Divide by 5,401 _____
- f. Multiply by 4.095 _____

9. Local Revenues to Total Revenues

- a. Local Revenues (from 3c)_____
- b. Total Revenues (from 1c)_____
- c. Divide 9a by 9b _____
- d. Subtract .695 _____
- e. Divide by .205 _____
- f. Multiply by 2.840 _____

10. Debt Service to Population

- a. Debt Service (from 4c) _____
- b. Population (from 6) _____
- c. Divide 10a by 10b _____
- d. Subtract 51 _____
- e. Divide by 1,038 _____
- f. Multiply by -1.866 _____

11. Debt Service to Total Revenues

- a. Debt Service (from 4c) _____
- b. Total Revenues (from 1c) _____
- c. Divide 11a by 11b _____
- d. Subtract .068 _____
- e. Divide by .259 _____
- f. Multiply by -3.533 _____

12. Total Revenues to Total Expenses

- a. Total Revenues (from 1c) _____
- b. Total Expenses (from 2c) _____
- c. Divide 12a by 12b _____
- d. Subtract .910 _____
- e. Divide by .899 _____
- f. Multiply by 3.458 _____

13. Funds Balance to Total Revenues

- a. Total Funds (from 5) _____
- b. Total Revenues (from 1c) _____
- c. Divide 13a by 13b _____
- d. Subtract .891 _____
- e. Divide by 9.156 _____
- f. Multiply by 3.270 _____

14. Funds Balance to Total Expenses

- a. Total Funds (from 5) _____
- b. Total Expenses (from 2c) _____
- c. Divide 14a by 14b _____
- d. Subtract .866 _____
- e. Divide by 6.409 _____
- f. Multiply by 3.270 _____

15. Total Funds to Population _____

- a. Total Funds (from 5) _____
- b. Population (from 6) _____
- c. Divide 15a by 15b _____
- d. Subtract 270 _____
- e. Divide by 4,548 _____

f. Multiply by 1.866 _____

16. Add 7f + 8f + 9f + 10f + 11f + 12f + 13f + 14f + 15f + 4.937 _____

I hereby certify that the financial index shown on line 16 of the worksheet is greater than zero and that the wording of this letter is identical to the wording specified in section 22a-449(d)-109(m) of the RCSA, as such regulations were constituted on the date shown immediately below.

(Date)

(Signature)

(Name)

(Title)

(4) If a local government owner or operator using the test to provide financial assurance finds that it no longer meets the requirements of the financial test based on the year-end financial statements, the owner or operator shall obtain alternative coverage within 150 days of the end of the year for which financial statements have been prepared.

(5) The commissioner may require reports of financial condition at any time from the local government owner or operator. If the commissioner finds, on the basis of such reports or other information, that the local government owner or operator no longer meets the financial test requirements of this subsection, the owner or operator shall obtain alternate coverage within 30 days after notification of such a finding.

(6) If the local government owner or operator fails to obtain alternate assurance within 150 days of finding that it no longer meets the requirements of the financial test based on the year-end financial statements or within 30 days of notification by the commissioner that it no longer meets the requirements of the financial test, the owner or operator shall notify the commissioner of such failure within 10 days.

(n) Local government fund.

A local government owner or operator may satisfy the requirements of subsection (c) of this section by establishing a dedicated fund account that conforms to the requirements of this section. Except as specified in subdivision (2) of this subsection, a dedicated fund may not be commingled with other funds or otherwise used in normal operations. A dedicated fund will be considered eligible if it meets one of the following requirements:

(1) The fund is dedicated by state constitutional provision, or local government statute, charter, ordinance, or order to pay for taking corrective action and for compensating third parties for bodily injury and property damage caused by accidental releases arising from the operation of petroleum USTs and is funded for the full amount of coverage required under subsection (c) of this section, or funded for part of the required amount of coverage and used in combination with other mechanism(s) that provide the remaining coverage; or

(2) The fund is dedicated by state constitutional provision, or local government statute, charter, ordinance, or order as a contingency fund for general emergencies, including taking corrective action and compensating third parties for bodily injury and property damage caused by accidental releases arising from the operation of petroleum USTs, and is funded for 5 times the full amount of coverage required under subsection (c) of this section, or funded for part of the required amount of coverage and used in combination with other

mechanism(s) that provide the remaining coverage. If the fund is funded for less than 5 times the amount of coverage required under subsection (c) of this section, the amount of financial responsibility demonstrated by the fund may not exceed one-fifth the amount in the fund; or

(3) The fund is dedicated by state constitutional provision, or local government statute, charter, ordinance or order to pay for taking corrective action and for compensating third parties for bodily injury and property damage caused by accidental releases arising from the operation of petroleum underground storage tanks. A payment is made to the fund once every year for 7 years until the fund is fully-funded. This 7 year period is hereafter referred to as the “pay-in-period.” The amount of each payment shall be determined by this formula:

$$\frac{TF - CF}{Y}$$

Where TF is the total required financial assurance for the owner or operator, CF is the current amount in the fund, and Y is the number of years remaining in the pay-in-period, and;

(A) The local government owner or operator has available bonding authority, approved through voter referendum (if such approval is necessary prior to the issuance of bonds), for an amount equal to the difference between the required amount of coverage and the amount held in the dedicated fund. This bonding authority shall be available for taking corrective action and for compensating third parties for bodily injury and property damage caused by accidental releases arising from the operation of petroleum underground storage tanks, or

(B) The local government owner or operator has a letter signed by the appropriate state attorney general stating that the use of the bonding authority will not increase the local government’s debt beyond the legal debt ceilings established by the relevant state laws. The letter shall also state that prior voter approval is not necessary before use of the bonding authority.

(4) To demonstrate that it meets the requirements of the local government fund, the chief financial officer of the local government owner or operator, or guarantor shall sign a letter worded exactly as follows, except that the instructions in brackets are to be replaced by the relevant information and the brackets deleted:

Letter from Chief Financial Officer

I am the chief financial officer of (insert: name and address of local government owner or operator, or guarantor). This letter is in support of the use of the local government fund mechanism to demonstrate financial responsibility for (insert: “taking corrective action”, “compensating third parties for bodily injury and property damage”) caused by (insert: “sudden accidental releases” or “nonsudden accidental releases” or “accidental releases”) in the amount of at least (insert: dollar amount) per occurrence and (insert: dollar amount) annual aggregate arising from operating (an) underground storage tank(s) (“UST(s)”).

USTs at the following facilities are assured by this local government fund mechanism: (List for each facility: the name and address of the facility where tanks are assured by the local government fund).

(Insert: “The local government fund is funded for the full amount of coverage required

under subsection 22a-449(d)-109(c) of the Regulations of Connecticut State Agencies (“RCSA”), or funded for part of the required amount of coverage and used in combination with other mechanism(s) that provide the remaining coverage.” or “The local government fund is funded for 5 times the full amount of coverage required under subsection 22a-449(d)-109(c) of the RCSA , or funded for part of the required amount of coverage and used in combination with other mechanisms(s) that provide the remaining coverage,” or “A payment is made to the fund once every year for 7 years until the fund is fully-funded and (name of local government owner or operator) has available bonding authority, approved through voter referendum, of an amount equal to the difference between the required amount of coverage and the amount held in the dedicated fund” or “A payment is made to the fund once every year for 7 years until the fund is fully-funded and I have attached a letter signed by the State Attorney General stating that (1) the use of the bonding authority will not increase the local government’s debt beyond the legal debt ceilings established by the relevant state laws and (2) that prior voter approval is not necessary before use of the bonding authority”).

The details of the local government fund are as follows:

Amount in Fund (market value of fund at close of last fiscal year):

(If fund balance is incrementally funded as specified in subdivision (3) of this subsection, insert:

Amount added to fund in the most recently completed fiscal year:

Number of years remaining in the pay-in period: ____)

A copy of the state constitutional provision, or local government statute, charter, ordinance or order dedicating the fund is attached.

I hereby certify that the wording of this letter is identical to the wording specified in section 22a-449(d)-109(n) of the RCSA, as such regulations were constituted on the date shown immediately below.

(Date)

(Signature)

(Name)

(Title)

(o) Substitution of financial assurance mechanisms by owner or operator.

(1) An owner or operator may substitute any alternate financial assurance mechanisms as specified in this section, provided that at all times that such owner or operator maintains an effective financial assurance mechanism or combination of mechanisms that satisfies the requirements of subsection (c) of this section.

(2) After obtaining alternate financial assurance as specified in this section, an owner or operator may cancel a financial assurance mechanism by providing notice to the provider of financial assurance.

(p) Cancellation or nonrenewal by a provider of financial assurance.

(1) A provider of financial assurance may only cancel or fail to renew a financial assurance mechanism by sending a notice of termination by certified mail or other trackable mail service approved by the commissioner to the owner or operator and the commissioner in accordance with the language of each instrument, as applicable.

(2) If a provider of financial assurance cancels or fails to renew for reasons other than

incapacity of the provider as specified in subsection (q) of this section, the owner or operator shall obtain alternate coverage as specified in this section within 60 days after receipt of the notice of termination. If the owner or operator fails to obtain alternate coverage within 60 days after receipt of the notice of termination, the owner or operator shall notify the commissioner of such failure and submit electronically as specified on the department's internet website:

- (A) The name and address of the provider of financial assurance;
- (B) The effective date of termination; and
- (C) The evidence of the financial assurance mechanism subject to the termination maintained in accordance with subsection (r) of this section.

(q) Reporting by owner or operator.

(1) An owner or operator shall submit evidence of financial responsibility listed in subsection (r) of this section to the commissioner within 30 days:

- (A) After the owner or operator identifies a release from an UST required to be reported under sections 22a-449(d)-105 or 22a-449(d)-106 of the UST regulations;
- (B) If the owner or operator fails to obtain alternate coverage as required by this section, after the owner or operator receives notice of:

- (i) Commencement of a voluntary or involuntary proceeding under Title 11 (Bankruptcy), U.S. Code, naming a provider of financial assurance as a debtor,
- (ii) Suspension or revocation of the authority of a provider of financial assurance to issue a financial assurance mechanism,
- (iii) Failure of a guarantor to meet the requirements of the financial test,
- (iv) Other incapacity of a provider of financial assurance; or

(C) As required by subsection (e)(7) of this section and subsection (p)(2) of this section.

(2) An owner or operator shall certify compliance with the financial responsibility requirements of the UST regulations on the notification as specified by the commissioner in accordance with section 22a-449(d)-114 of the UST regulations.

(3) At any time, the commissioner may require an owner or operator to submit evidence of financial assurance as described in subsection (r) of this section or other information relevant to compliance with this section.

(r) Recordkeeping.

Owners or operators shall maintain evidence of all financial assurance mechanisms used to demonstrate financial responsibility under this section for an UST until released from such requirements under subsection (t) of this section. An owner or operator shall maintain such evidence at the underground storage facility or, if permitted, at the owner's or operator's place of business in accordance with section 22a-449(d)-114 of the UST regulations.

(1) An owner or operator using a financial assurance mechanism specified in subsections (e) to (j), inclusive, of this section shall maintain a copy of the instrument worded as specified.

(2) An owner or operator using a financial test or guarantee, or a local government financial test shall maintain a copy of the chief financial officer's letter based on year-end financial statements for the most recent completed financial reporting year. Such evidence shall be on file no later than 120 days after the close of the financial reporting year.

(3) An owner or operator using a guarantee, surety bond, or letter of credit shall maintain a copy of the signed standby trust fund agreement and copies of any amendments to the agreement.

(4) A local government owner or operator using the local government bond rating test under subsection (l) of this section shall maintain a copy of its bond rating published within the last 12 months by Moody's or Standard & Poor's.

(5) An owner or operator using an insurance policy or risk retention group coverage shall maintain a copy of the signed insurance policy or risk retention group coverage policy, with the endorsement or certificate of insurance and any amendments to the agreements.

(6) An owner or operator using a local government fund under subsection (n) of this section shall maintain the documentation described in subparagraphs (A) and (B) of this subdivision, and if applicable, the documentation described in subparagraph (C) of this subdivision:

(A) A copy of the state constitutional provision or local government statute, charter, ordinance, or order dedicating the fund.

(B) Year-end financial statements for the most recent completed financial reporting year showing the amount in the fund. If the fund is established under subsection (n)(3) of this section using incremental funding backed by bonding authority, the financial statements shall show the previous year's balance, the amount of funding during the year, and the closing balance in the fund.

(C) If the fund is established under subsection (n)(3) of this section using incremental funding backed by bonding authority, the owner or operator shall maintain documentation of the required bonding authority, including either the results of a voter referendum under subsection (n)(3)(A) of this section, or attestation by the State Attorney General as specified under subsection (n)(3)(B) of this section.

(s) Drawing on financial assurance mechanisms.

(1) The commissioner shall require the guarantor, surety, or institution issuing a letter of credit to place the amount of funds stipulated by the commissioner, up to the limit of funds provided by the financial assurance mechanism, into the standby trust if:

(A) (i) The owner or operator fails to establish alternate financial assurance within 60 days after receiving notice of cancellation of the guarantee, surety bond, letter of credit, or, as applicable, other financial assurance mechanism; and

(ii) The commissioner determines or suspects that a release from an UST covered by the mechanism has occurred and so notifies the owner or operator or the owner or operator has notified the commissioner pursuant to sections 22a-449(d)-105 or 22a-449(d)-106 of the UST regulations of a release from an UST covered by the mechanism; or

(B) The conditions of subdivisions (2)(A) or (2)(B)(i) or (2)(B)(ii) of this subsection are satisfied.

(2) The commissioner may draw on a standby trust fund when:

(A) The commissioner makes a final determination that a release has occurred and immediate or long-term corrective action for the release is needed, and the owner or operator, after appropriate notice and opportunity to comply, has not conducted corrective action as required under section 22a-449(d)-106 of the UST regulations; or

(B) The commissioner has received either:

(i) Certification from the owner or operator and the third-party liability claimant(s) or from attorneys representing the owner or operator and the third-party liability claimant(s) that a third-party liability claim should be paid. The certification shall be worded as follows, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

CERTIFICATION OF VALID CLAIM

The undersigned, as principals and as legal representatives of {insert owner or operator} and {insert name and address of third-party claimant}, hereby certify that the claim of bodily injury {and/or} property damage caused by an accidental release arising from operating {owner's or operator's} underground storage tank should be paid in the amount of \$ {_____}.

{Signatures}

Owner or Operator

Attorney for Owner or Operator

(Notary)

Date

{Signature(s)}

Claimant(s)

Attorney(s) for Claimant(s)

(Notary)

Date

or

(ii) A valid final court order establishing a judgment against the owner or operator for bodily injury or property damage caused by an accidental release from an underground storage tank covered by financial assurance under this section and the commissioner determines that the owner or operator has not satisfied the judgment.

(3) If the commissioner determines that the amount of corrective action costs and third-party liability claims eligible for payment under subdivision (2) of this subsection may exceed the balance of the standby trust fund and the obligation of the provider of financial assurance, the first priority for payment shall be corrective action costs necessary to protect human health and the environment. The commissioner shall pay third-party liability claims in the order in which the commissioner receives certifications under subdivision (2)(B)(i) of this subsection, and valid court orders under subdivision (2)(B)(ii) of this subsection.

(t) Release from the requirements.

An owner or operator is no longer required to maintain financial responsibility under this section for an UST after the tank or piping has been permanently closed in accordance with section 22a-449(d)-107 of the UST regulations or, if corrective action is required, after corrective action has been completed and the tank or piping has been permanently closed in accordance with section 22a-449(d)-107 of the UST regulations.

(u) Bankruptcy or other incapacity of owner or operator or provider of financial assurance.

(1) Within 10 days after commencement of a voluntary or involuntary proceeding under Title 11 (Bankruptcy), U.S. Code, naming an owner or operator as debtor, the owner or operator shall notify the commissioner by certified mail or other trackable mail service approved by the commissioner of such commencement and submit the appropriate forms

listed in subsection (r) of this section documenting current financial responsibility.

(2) Within 10 days after commencement of a voluntary or involuntary proceeding under Title 11 (Bankruptcy), U.S. Code, naming a guarantor providing financial assurance as debtor, such guarantor shall notify the owner or operator and the commissioner by certified mail or other trackable mail service approved by the commissioner of such commencement as required under the terms of the guarantee specified in subsection (f) of this section.

(3) Within 10 days after commencement of a voluntary or involuntary proceeding under Title 11 (Bankruptcy), U.S. Code, naming a local government owner or operator as debtor, the local government owner or operator shall notify the commissioner by certified mail or other trackable mail service approved by the commissioner of such commencement and submit the appropriate forms listed in subsection (r) of this section documenting current financial responsibility.

(4) An owner or operator who obtains financial assurance by a mechanism other than the financial test of self-insurance shall be deemed to be without the required financial assurance in the event of a bankruptcy or incapacity of its provider of financial assurance, or a suspension or revocation of the authority of the provider of financial assurance to issue a guarantee, insurance policy, risk retention group coverage policy, surety bond, letter of credit, or state-required mechanism. The owner or operator shall obtain alternate financial assurance as specified in this section within 30 days after receiving notice of such an event. If the owner or operator does not obtain alternate coverage within 30 days after such notification, the owner or operator shall notify the commissioner in writing.

(5) Within 30 days after receipt of notification that a provider of financial assurance has become incapable of paying for assured corrective action or third-party compensation costs, the owner or operator shall obtain alternate financial assurance.

(v) Replenishment of guarantees, letters of credit, or surety bonds.

(1) If at any time after a standby trust is funded upon the instruction of the commissioner with funds drawn from a guarantee, letter of credit, or surety bond, and the amount in the standby trust is reduced below the full amount of coverage required, the owner or operator shall by the anniversary date of the financial assurance mechanism from which the funds were drawn:

(A) Replenish the value of financial assurance to equal the full amount of coverage required, or

(B) Acquire another financial assurance mechanism for the amount by which funds in the standby trust have been reduced.

(2) For purposes of this subsection, the full amount of coverage required is the amount of coverage to be provided by subsection (c) of this section. If a combination of mechanisms was used to provide the assurance funds which were drawn upon, replenishment shall occur by the earliest anniversary date among the mechanisms.

(Effective July 28, 1994; Amended May 7, 2025)