

Re: **NOTICE TO LARGE STATION APPLICANTS OF REVERSE AUCTION**

Dear Large Station Applicant:

The Department of Energy and Environmental Protection (“the Department”) Underground Storage Tank Petroleum Clean-Up Program’s (“the Program”) reverse auction will take place starting July 1, 2016 at 9 a.m. and ending on August 1, 2016 at 4:30 p.m., pursuant to Connecticut General Statute (“CGS”) Section 22a-449r. As explained below, the reverse auction is the time for large station applicants to establish their priority for payment in the fiscal year July 1, 2016 to June 30, 2017.

A. The Reverse Auction Process

The reverse auction takes place through the submission of payment elections by large station applicants. Before the reverse auction begins, the Department will post on the Program’s webpage at [DEEP: UST Clean-Up Account Program](#) the amount that has been approved, the amount pending review, and prior payment elections under one dollar for each applicant in the large station applicant category (without applicant names). The payment elections submitted by large station applicants will serve as the bids for this auction.

The amount of each payment election that is less than one dollar will be posted on the Program’s webpage. The Department will seek to post payment elections no later than the next business day after receipt of such information, but this cannot be guaranteed. For that reason, large station applicants may not want to wait until the last possible moment to submit payment elections.

Also, similar to bidding at an auction, a large station applicant may submit more than one payment election during the time the reverse auction is taking place. Blank payment election forms are available on the Program’s webpage at [DEEP: UST Clean-Up Account Program](#). Once a large station applicant submits a payment election, such applicant can only submit another payment election noting the applicant’s willingness to accept less than the amount noted in any prior payment elections.

B. Submission of Payment Election Forms

A payment election form, including instructions, is enclosed with this letter and is also available on the Program’s webpage at [DEEP: UST Clean-Up Account Program](#). Each large station applicant must submit a payment election form, except for those who bid 35 cents or less during any previous reverse auction. The Department encourages applicants to submit payment elections by email to the following address: DEEP.USTpayment@ct.gov.

C. Establishing Priority for Payment

CGS Section 22a-449r specifies the maximum amount the Commissioner can pay to large station applicants in any fiscal year. For the fiscal year beginning July 1, 2016, that amount is forty cents on each dollar that is ordered paid from the Program. A payment election at or below this amount is called a reduced payment election. The reverse auction will determine the priority

for payment among those large station applicants who have submitted and those who submit a reduced payment election.

Priority for payment will be given to those large station applicants who agree to accept the greatest reduction in the amount ordered, or to be ordered, paid from the Program, pursuant to CGS Section 22a-449r. For example, if one large station applicant agrees to accept twenty-five cents on each dollar, this applicant will receive payment before every large station applicant who elects to receive greater than twenty-five cents on the dollar. If two applicants make the same payment election, payment for those applicants will be prioritized according to the applications for which payment was ordered earliest. In the case where two applicants make the same payment election and payment was ordered on the same day, payment will be prioritized according to the applications that were received by the Department earliest.

D. Considerations in Submitting a Payment Election

Given that each large station applicant's circumstances are unique, the Commissioner strongly encourages each applicant to review carefully CGS Section 22a-449r before submitting its payment election(s). While the following is not offered as advice or recommendation for any particular course of action, the Commissioner highlights the following for each large station applicant's consideration.

- The Program has received the last of the currently authorized bond fund allocations, bringing the total allocated for reimbursement to \$36 million. Approximately \$18 million of the \$36 million has already been reimbursed to applicants.
- A payment election will apply to all of an applicant's applications. An applicant cannot, then, have a payment election apply to only a portion of its applications.
- While the Commissioner cannot make payment to a large station applicant in excess of 40 cents on each dollar in the fiscal year beginning July 1, 2016, this amount will increase by five cents each fiscal year, beginning July 1st, until it reaches \$1.00. Any large station applicant who makes a payment election exceeding 40 cents on the dollar will not be able to receive any payment in the fiscal year July 1, 2016 to June 30, 2017.
- Large station applicants who make a reduced payment election may, depending upon the availability of funding and the reduced payment elections from other large station applicants, receive payment from the Program in the year any such reduced payment election is made. A large station applicant who previously submitted a reduced payment election (i.e. thirty-five cents on the dollar or less) is not required to submit a new payment election. However, any such applicant may submit a new reduced payment election for less than the amount of any previous reduced payment election and in so doing potentially increase such applicant's priority for payment during the next fiscal year. Any such applicant, however, cannot submit a reduced payment election seeking more than the amount of any previous reduced payment election.
- The prioritization for making payment to large station applicants will be based upon the payment elections that are received. If there are not enough funds available to pay all large station applicants who have made a reduced payment election, the priority for payment that has been established will remain in effect until additional funds are received. By submitting a lower reduced payment election, the priority for payment may be changed and can increase the likelihood of an applicant receiving payment from the Program more quickly. For example, if one year a large station applicant elects to receive 25 cents on each dollar, such applicant in a subsequent reduced

- payment election may elect to receive *less* than 25 cents and through the resulting re-prioritization of large station applicants receive payment more quickly.
- Except for large station applicants who have already submitted a reduced payment election, failure to submit a payment election form will result in a large station applicant not receiving payment in the fiscal year July 1, 2016 to June 30, 2017.

E. Submission of Payment Election forms:

Each large station applicant's payment election(s) must be submitted on or after 9 a.m. July 1, 2016 but before 4:30 p.m. August 1, 2016. A payment election form can be submitted:

- By mail (U.S., courier, etc.) or personally delivered to:

UST PETROLEUM CLEAN-UP PROGRAM
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION
79 ELM STREET, 2nd FLOOR
HARTFORD, CT 06106-5127

In the event of mailing, the Department will use the post-mark date as the date of receipt. In the event of personal delivery, the Department will use the date of delivery as the date of receipt.

- By e-mail to DEEP.USTpayment@ct.gov. Fillable forms that can be e-mailed are available in [Word](#).

If you have any questions about this letter, the attached form or making a Payment Election, please call Lynn Olson-Teodoro at (860) 424-3370.