

ARTICLE 4. SOLID WASTE FACILITIES SUBJECT TO BEST MANAGEMENT PRACTICES

R18-13-401. Definitions

- A. “Department” means the Arizona Department of Environmental Quality.
- B.** “Free liquids” means liquids that readily separate from the solid portion of a waste under ambient temperature and pressure.
- C.** “Liquid waste” means waste, that is not hazardous waste regulated under subtitle C of RCRA, 42 U.S.C. 6921-6939f, that contains or produces any free liquids.
- ~~B.~~ D.** “Material recovery facility” means a ~~transfer~~ facility that collects, compacts, repackages, sorts, or processes commingled recyclable solid waste generated offsite for the purpose of recycling and transport, or where source separated recyclable solid waste is processed for sale to various markets, and where the incoming materials are predominantly recyclable solid waste.
- ~~C.~~ E.** “Recyclable solid waste” means a product or material described in subsection ~~(C)(1)~~ (E)(1) or (2), and for which subsection ~~(C)(3)~~ (E)(3) is true:
1. A product with no useful life remaining for the purposes for which it was produced, or if useful life remains, the product will not, due to location, quantity, or owner choice, remain in use or be reused for a purpose for which it was produced.
 2. A material that is a result of a process or activity whose purpose was to produce something else.
 3. The product or material retains some economic value, with or without further processing, as a raw material or feedstock in some process other than incineration or combustion.
- F.** “Temporary drop-site location” means a temporary or seasonal site receiving solid waste from vehicles other than those designed to compact solid waste and used primarily for rehandling or storage of a specified class or classes of solid waste for a determinate amount of time not to exceed 30 days per calendar year.

R18-13-402. Solid Waste Facilities Subject to Best Management Practices; Fees

- A. The following solid waste facilities subject to best management practices under A.R.S. § 49-762.02 shall register with the Department and pay registration fees as provided in this Section:
1. A transfer facility, as defined in A.R.S. § 49-701, and that is not a facility engaged in the transportation, handling, storage, and treatment of biohazardous medical waste as defined in R18-13-1401(4) or special waste as defined in A.R.S. §49-851(A)(9), with a daily throughput of 180 cubic yards or less, but not including:

- a. A material recovery facility where the incoming materials are primarily source separated recyclables that is operated in a manner so as not to cause a nuisance, vector breeding or fire hazard; or
 - b. Community or neighborhood recycling bins including drop boxes, roll off containers, and plastic containers used to collect residential, business, or governmental recyclable solid waste;
 - c. Bins, drop boxes, roll off containers, or vehicles that have cumulative capacity of 20 cubic yards or under used to collect residential, business, or governmental municipal solid waste that is operated in a manner so as not to cause a nuisance, vector breeding or fire hazard; or
 - d. A temporary drop-site location.
2. A site at which more than 500 and fewer than 5,000 waste tires are stored on any day that is not required to obtain plan approval pursuant to A.R.S. § 49-762.
- B.** Initial registration. Beginning on the effective date of the rule, A a new solid waste facility listed in subsection (A)(1) shall not begin operation construction until the owner or operator registers with the Department on a form approved by the Department. The owner or operator of a new solid waste facility listed in subsection (A)(1) shall submit an initial registration fee of \$1,485 at the time of registration under this subsection. A new solid waste facility listed in subsection (A)(1) shall submit the following information to the Department on a form approved by the Department before beginning construction. An existing solid waste facility listed in subsection (A)(1) shall submit the following information to the Department on a form approved by the Department within 180 days of the effective date of the rule:
1. Facility name and physical address, mailing address, address at which the facility's operating record will be retained, and contact information of the owner and operator of the solid waste facility.
 2. Legal description by township, range, and section, and county assessor's book, map and parcel number.
 3. Description of waste storage and waste handling equipment, as applicable, methods of waste management, including types and volumes of waste handled and time the waste remains on site, and designed facility capacity.
 4. Description of steps necessary to close the facility in compliance with R18-13-405.
 5. Description of waste management practices used at the facility including measures taken to protect the environment and to protect the public health.

6. A diagram of the property showing the location of the solid waste facility or facilities, including locations designated for handling, storing, transferring solid waste.
- C. Annual registration fee. The Department shall bill an annual registration fee of \$742 to a registered solid waste facility listed in subsection (A)(1) that has not filed a notice of termination of registration with the Department. The owner or operator of a registered solid waste facility listed in subsection (A)(1) shall pay the annual registration fee within 30 days of invoice receipt: and submit any changes to the information provided in the initial registration under subsection (B) of this Section, or since the most recent annual registration provided to the Department.
- D. Registration as a waste tire collection site under R18-13-1211 shall satisfy registration and fee requirements pursuant to this Section for a site under subsection (A)(2) of this Section.
- E. Beginning January 1, 2026, the Director shall adjust the fee amounts in subsections (B) and (C) of this Section annually by the following method:
1. Multiply the amount by the October CPI for the most recent year and then divide by the October CPI for the year 2024. The October CPI for any year is the Consumer Price Index for All Urban Consumers, Phoenix-Mesa-Scottsdale, AZ, all items, published by the United States Department of Labor at www.bls.gov/cpi/regional-resources.htm, for October of that year.
 2. Round the result from subsection (E)(1) down to the nearest cent. ADEQ shall post the new amounts on its webpage and install them in the billing software as soon as practicable.
- F. Throughput limit and exceedance allowance.
1. The daily throughput threshold specified in subsection (A)(1) of this section shall be applied on a daily basis, not as an average over time. If a facility exceeds 180 cubic yards of solid waste on a single calendar day, it shall be classified as a transfer facility subject to self-certification pursuant to Article 5, except as provided in subsection (F)(2).
 2. A solid waste facility subject to best management practices under subsection (A)(1) may exceed the 180 cubic yard daily throughput threshold on a scheduled basis, not to exceed four instances per calendar year, provided that:
 - a. The owner or operator submits written notification to the Department at least 30 days prior to the scheduled exceedance, specifying the anticipated dates and volumes of solid waste to be received during the exceedance period.
 - b. The facility complies with all other applicable requirements of this Article during the exceedance period.

R18-13-403. Transfer Facilities; Design and Operation Requirements

- A.** Within 180 days of the effective date of the rule the owner or operator of a solid waste transfer facility listed under R18-13-402(A)(1) shall:
1. Operate and maintain the facility to comply with all the following design and operation requirements:
 - a. Restrict unauthorized access to the facility by signs or physical barriers;
 - b. Cover or otherwise manage tipping floors, storage areas, and storage bins to prevent wind dispersal and other surface dispersion;
 - c. Prevent vector breeding;
 - d. Ensure minimum of 20 foot aisle space to all waste handling and storage areas for emergency response vehicles;
 - e. Post signage that indicates the name of the facility, address of facility, hours of operation, unauthorized waste not accepted at the facility for rehandling or storage in accordance with subsection (4) of this Section, and facility emergency contact;
 - f. Ensure any area used for receiving, processing, storing, reloading, or transferring of solid waste be free of standing water;
 - g. Ensure all containers used in the handling of solid waste are leak-proof, constructed of durable materials, and maintained in good condition;
 - h. Ensure all waste is handled only within designated waste handling areas and such areas are made of impervious surfaces;
 2. Manage storm water run-on to and run-off from the facility to divert water from contacting solid waste;
 3. Implement spill and leak response and management procedures;
 4. Implement waste screening measures for the purpose of preventing acceptance of unauthorized waste that includes:
 - a. Training personnel for identification and handling of unacceptable waste.
 - b. Procedures for segregation and proper disposal of any unauthorized waste.
 - c. Notification of the Department within 24 hours of discovery of the acceptance of any unauthorized waste by the facility.
 5. Accept, manage, store, and handle waste only within the facility capacity as described in registration;
 6. Ensure waste is not stored for more than 90 days; and

7. Notify the Department within 48 hours of an uncontained release, fire, or impact to the subsurface or soil requiring response by a third party or emergency response personnel.
- B.** If there is evidence or reasonable belief of a release from the facility, the Director may require an investigation into the nature and extent of the release, including testing for soil or groundwater contamination and an assessment of measures necessary to correct an impact to soil or groundwater. The Director may require the owner or operator to institute necessary corrective action as determined by the Director.
- C.** In addition to the requirements under subsection (A) of this Section, the owner or operator of a solid waste transfer facility listed under R18-13-402(A)(1) which handles liquid waste shall operate and maintain the facility to comply with the following:
1. Provide that liquid waste is stored in a container or tank that meets the following requirements:
 - a. The tank or container shall be watertight, leak-proof, and constructed of materials compatible with the waste being stored.
 - b. The tank or container shall be labeled with a description of the contents.
 2. Areas used to load or unload tanks or containers shall be designed to contain spills and accidental releases during loading and unloading.
 3. Liquid waste may only be mixed with other liquid waste that is the same or substantially similar and shall not be diluted with any other material or substance.
 4. Provide on-duty personnel during all times the facility is open to the public.
- D.** A solid waste transfer facility listed under R18-13-402(A)(1) which handles liquid waste shall maintain a written liquid waste management plan consisting of the following:
1. Emergency preparedness procedures to respond to releases of waste including spill response and containment.
 2. Waste handling procedures to prevent mixing of incompatible liquid waste and to ensure liquid waste is handled, stored, and transported in accordance with the requirements of subsection (C) of this Section.
 3. Documentation of throughput by weight or volume of liquid waste.

R18-13-404. Facility Closure; Notice; Requirements

- A.** At least 30 days prior to beginning final closure activities, the owner or operator of a solid waste facility listed under R18-13-402(A)(1) shall submit to the Department a notice of intent to close the facility. If final closure is not completed within six months from the date the Department is informed, the notice of intent to close is deemed to be expired. The notice of intent to close shall

contain the following information:

1. Facility name, mailing address, and contact information of the owner and operator of the solid waste facility;
2. A description of the steps necessary to close the facility, the specific proposed closure activities, and an implementation schedule; and
3. Information on site conditions and characterization of the waste received during the life of the facility.

B. To finally close a solid waste facility listed under R18-13-402(A)(1), the owner or operator shall take all necessary steps to minimize or eliminate the release of waste, waste constituents, or leachate to ensure no future threat of harm to human health and the environment, including complying with the following procedures:

1. Post signage stating expected closure date and date waste is no longer accepted at least 30 days prior to closure or end of operations;
2. Remove and properly dispose of all solid waste at a waste facility authorized to accept such waste, including leachate, from the facility;
4. All areas of the facility, including containers, equipment, machines, floors, and surfaces, that were in contact with solid waste and that are not to be removed during final closure shall be washed with soap or detergent or otherwise subject to procedures that substantially reduce or eliminate any remaining constituents or contaminants derived from contact with solid wastes; and
5. Collect and properly dispose of all wash water and rinse water;

C. Any ongoing or required investigation into the nature and extent of any release and required corrective action pursuant to R18-13-403(B) must be completed before final closure of the facility may occur.

D. Upon completion of final closure, the owner or operator of the facility shall submit written notice of final closure to the Department. The written notice shall certify compliance with the requirements of this Section. The written notice shall be submitted to the Department within 30 days of the completion of final closure.

R18-13-405. Financial Assurance; Requirements

A. Within 180 days of the effective date of the rule the owner or operator of an existing solid waste transfer facility listed under R18-13-402(A)(1) shall demonstrate financial capability to meet any closure, post-closure care, and corrective action requirements under this Article. Beginning 180 days after the effective date of this rule, a new solid waste transfer facility listed under

R18-13-402(A)(1) shall not begin operation until the owner or operator demonstrates financial capability to meet any closure, post-closure care, and corrective action requirements under this Article. The owner or operator shall demonstrate financial capability pursuant to R18-13-1702.

- B.** The owner or operator of a solid waste transfer facility listed under R18-13-402(A)(1) may use any one or combination of financial assurance mechanisms listed under R18-13-1704 to demonstrate financial capability as required under subsection (A) of this Section.
- C.** The cost estimate made pursuant to R18-13-1702(A) shall be updated every three years to adjust for inflation or as necessary to reflect increased costs resulting from changes to facility conditions, and the owner or operator shall resubmit their demonstration of financial capability pursuant to R18-13-1702 to the Department.

R18-13-406. Record Keeping

- A.** All records required by this Article shall be retained in an operating record near the facility, or in an alternative location approved by the agency, for at least three years. If notification of an enforcement action by the department has been received, the records shall be retained until a final determination has been made in the matter or in accordance with the final determination

ARTICLE 5. REQUIREMENTS FOR SOLID WASTE FACILITIES SUBJECT TO SELF-CERTIFICATION

R18-13-501. Definitions

- A.** “Department” means the Arizona Department of Environmental Quality.
- B.** “Free liquids” means liquids that readily separate from the solid portion of a waste under ambient temperature and pressure.
- C.** “Liquid waste” means waste, that is not hazardous waste regulated under subtitle C of RCRA, 42 U.S.C. 6921-6939f, that contains or produces any free liquids.
- D.** “Material recovery facility” means a transfer facility that collects, compacts, repackages, sorts, or processes commingled recyclable solid waste generated offsite for the purpose of recycling and transport, or where source separated recyclable solid waste is processed for sale to various markets, and where the incoming materials are predominantly recyclable solid waste.
- E.** “Recyclable solid waste” means a product or material described in subsection (C)(1) or (2), and for which subsection (C)(3) is true:
 - 1.** A product with no useful life remaining for the purposes for which it was produced, or if useful life remains, the product will not, due to location, quantity, or owner choice, remain in use or be reused for a purpose for which it was produced.

2. A material that is a result of a process or activity whose purpose was to produce something else.
3. The product or material retains some economic value, with or without further processing, as a raw material or feedstock in some process other than incineration or combustion.

~~R18-13-501~~: R18-13-502. Solid Waste Facilities Requiring Self-Certification; Registration Fees

A. The following solid waste facilities requiring self-certification under A.R.S. § 49-762.01 shall register with the Department and pay annual registration fees as provided in this Section:

1. A transfer facility, as defined in A.R.S. § 49-701, and that is not a facility engaged in the transportation, handling, storage, and treatment of biohazardous medical waste as defined in R18-13-1401(4) or special waste as defined in A.R.S. §49-851(A)(9), with a daily throughput of more than 180 cubic yards, including a material recovery facility, but not including:
 - a. A material recovery facility where the incoming materials are primarily source separated recyclables; or
 - b. Community or neighborhood recycling bins including drop boxes, roll off containers, and plastic containers used to collect residential, business, or governmental recyclable solid waste.
2. A facility storing 5,000 or more waste tires on any one day and not required to obtain plan approval.
3. A waste tire shredding and processing facility.

B. Initial registration for a new facility. The owner or operator of a planned new facility identified in subsection (A) of this Section shall submit the following information to the Department before beginning construction:

1. The name of the solid waste facility.
2. The name, mailing address and telephone number of each owner and operator of the solid waste facility.
3. The physical location of the solid waste facility by physical address, latitude and longitude, or legal description. If none of these are practical, by driving directions from the nearest city or town.
4. The address at which the facility's operating record will be retained.
- ~~4-5~~ A brief description of operations, including waste management methods, types and volumes of waste handled, waste storage, handling, and treatment equipment, and the length of time the waste remains onsite.

- ~~6.~~ 6. A description of steps necessary to close the facility in compliance with R18-13-504.
- ~~5.~~ 7. A diagram of the property showing its approximate size and the planned location of the solid waste facility or facilities.
- ~~6.~~ 8. Documentation that the facility will comply with local zoning laws or, if the owner is an agency or political subdivision of this state, with A.R.S. § 49-767.
- ~~7.~~ 9. Documentation that the facility has any other environmental permit that is required by statute.
- ~~8.~~ 10. A copy of the public notice in a newspaper of general circulation in the area where the facility will be located stating the intent to construct and operate a new solid waste facility pursuant to A.R.S. § 49-762.05.
- C. Initial and annual registration for an existing facility. The owner or operator of an existing facility identified in subsection (A) of this Section shall submit the following information to the Department ~~annually~~ on a form approved by the Department, when submitting annual registration fees, and note if any changes to the following have occurred since the last registration:
1. The name of the solid waste facility.
 2. The name, mailing address and telephone number of each owner and operator of the solid waste facility.
 3. The physical location of the solid waste facility by physical address, latitude and longitude, or legal description. If none of these are practical, by driving directions from the nearest city or town.
 5. A brief description of operations, including waste management methods, types and volumes of waste handled, waste storage and treatment equipment, and the length of time the waste remains onsite.
- ~~6.~~ 6. A description of steps necessary to close the facility in compliance with R18-13-504.
- ~~6.~~ 7. A diagram of the property showing its approximate size and the location of the solid waste facility or facilities.
- ~~7.~~ 8. Documentation that the facility remains in compliance with the most current local zoning laws or with A.R.S. § 49-767, as applicable.
- ~~8.~~ 9. Documentation that the facility continues to hold any other environmental permit that is required by statute.
- D. Self-certification. With each registration under subsection (B) or (C) of this Section, the owner or operator shall certify that the information submitted is true, accurate, and complete to the best of the person's knowledge and belief.

E. Registration fees. The owner or operator of a solid waste facility under subsection (A) shall pay the Department \$1,485 for the initial registration of a new facility, and \$742 for each annual registration thereafter. The owner or operator of a tire facility under subsection (A)(2) or (3) shall pay the Department \$1,485 for the initial registration of a new facility, and \$371 for each annual registration thereafter. The Department shall bill the annual registration fee to a solid waste facility under subsection (A) that has not filed a notice of termination of registration with the Department and the solid waste facility shall pay within 30 days of invoice receipt.

F. Beginning January 1, 2026, the Director shall adjust the fee amounts in subsection (E) of this Section annually by the following method:

1. Multiply the amount by the October CPI for the most recent year and then divide by the October CPI for the year 2024. The October CPI for any year is the Consumer Price Index for All Urban Consumers, Phoenix-Mesa-Scottsdale, AZ, all items, published by the United States Department of Labor at www.bls.gov/cpi/regional-resources.htm, for October of that year.
2. Round the result from subsection (F)(1) down to the nearest cent. ADEQ shall post the new amounts on its webpage and install them in the billing software as soon as practicable.

~~**G.** As used in this Section:~~

- ~~1. “Department” means the Arizona Department of Environmental Quality.~~
- ~~2. “Material recovery facility” means a transfer facility that collects, compacts, repackages, sorts, or processes commingled recyclable solid waste generated offsite for the purpose of recycling and transport, or where source separated recyclable solid waste is processed for sale to various markets, and where the incoming materials are predominantly recyclable solid waste.~~
- ~~3. “Recyclable solid waste” means a product or material described in subsection (G)(3)(a) or (b), and for which subsection (G)(3)(c) is true:~~
 - ~~a. A product with no useful life remaining for the purposes for which it was produced, or if useful life remains, the product will not, due to location, quantity, or owner choice, remain in use or be reused for a purpose for which it was produced.~~
 - ~~b. A material that is a result of a process or activity whose purpose was to produce something else.~~

~~e. The product or material retains some economic value, with or without further processing, as a raw material or feedstock in some process other than incineration or combustion.~~

G. Throughput limit and exceedance allowance. The daily throughput threshold specified in subsection (A)(1) of this section shall be applied on a daily basis, not as an average over time. If a facility's throughput exceeds 180 cubic yards of solid waste on a single calendar day, it shall be classified as a transfer facility subject to self-certification pursuant to Article 5, except as provided in subsection R18-13-402(F)(2).

R18-13-503. Transfer Facilities; Design and Operation Requirements

A. Within 180 days of the effective date of the rule the owner or operator of a solid waste transfer facility listed under R18-13-502(A)(1) shall:

1. Operate and maintain the facility to comply with all the following design and operation requirements:
 - a. Restrict unauthorized access to the facility by signs or physical barriers;
 - b. Limit vehicular traffic to use on improved surfaces;
 - c. Cover or otherwise manage tipping floors, storage areas, and storage bins to prevent wind dispersal and other surface dispersion;
 - d. Prevent vector breeding;
 - e. Ensure adequate fire prevention and control;
 - f. Ensure facility access to all waste handling and storage areas for emergency response vehicles;
 - g. Post signage that indicates the name of the facility, address of facility, hours of operation, unauthorized waste not accepted at the facility for rehandling or storage in accordance with subsection (4) of this Section, and facility emergency contact;
 - h. Ensure any area used for receiving, processing, storing, reloading, or transferring of solid waste be free of standing water;
 - i. Ensure all containers used in the handling of solid waste are leak resistant, constructed of durable materials, and maintained in good condition;
 - j. Ensure all waste is handled only within designated waste handling areas and such areas are made of impervious surfaces;
2. Manage storm water run-on to and run-off from the facility to divert water from contacting solid waste;
3. Implement spill and leak response and management procedures;

4. Implement waste screening measures for the purpose of preventing acceptance of unauthorized waste that includes:
 - a. Training personnel for waste identification and handling.
 - b. Procedures for segregation and proper disposal of any unauthorized waste.
 - c. Notification of the Department within 24 hours of discovery of the acceptance of any unauthorized waste by the facility.
 5. Accept, manage, store, and handle waste only within the facility capacity as described in registration;
 6. Ensure waste is not stored for more than 90 days;
 7. Provide on-duty personnel during all times the facility is open to the public;
 8. Manage any water that has come into contact with waste, that may include leachate, to prevent ponding; and
 9. Notify the Department within 48 hours of an uncontained release, fire, or impact to the subsurface or soil requiring response by a third party or emergency response personnel.
- B.** If there is evidence or reasonable belief of a release from the facility, the Director may require an investigation into the nature and extent of the release, including testing for soil or groundwater contamination and an assessment of measures necessary to correct an impact to soil or groundwater. The Director may require the owner or operator to institute necessary corrective action as determined by the Director.
- C.** In addition to the requirements under subsection (A) of this Section, the owner or operator of a solid waste transfer facility listed under R18-13-502(A)(1) which handles liquid waste shall operate and maintain the facility to comply with the following:
1. Provide that liquid waste is stored in a container or tank that meets the following requirements:
 - a. The tank or container shall be watertight, leak-proof, and constructed of materials compatible with the waste being stored.
 - b. The tank or container shall be labeled with a description of the contents.
 2. Areas used to load or unload tanks or containers shall be designed to contain spills and accidental releases during loading and unloading.
 3. Liquid waste may only be mixed with other liquid waste that is the same or substantially similar and shall not be diluted with any other material or substance.
- D.** A solid waste transfer facility listed under R18-13-402(A)(1) which handles liquid waste shall maintain a written liquid waste management plan consisting of the following:

1. Emergency preparedness procedures to respond to releases of waste including spill response and containment.
2. Waste handling procedures to prevent mixing of incompatible liquid waste and to ensure liquid waste is handled, stored, and transported in accordance with the requirements of subsection (C) of this Section.
3. Documentation of throughput by weight or volume of liquid waste.

R18-13-504. Facility Closure; Notice; Requirements

- A.** At least 30 days prior to beginning final closure activities, the owner or operator of a solid waste facility listed under R18-13-502(A)(1) shall submit to the Department notice of intent to close the facility. If final closure is not completed within six months from the date the Department is informed, the notice of intent to close is deemed to be expired. The notice of intent to close shall contain the following information:
1. Facility name, mailing address, and contact information of the owner and operator of the solid waste facility;
 2. A description of the steps necessary to close the facility, the specific proposed closure activities, and an implementation schedule; and
 3. Information on site conditions and characterization of the waste received during the life of the facility.
- B.** To finally close a solid waste facility listed under R18-13-502(A)(1), the owner or operator shall take all necessary steps to minimize or eliminate the release of waste, waste constituents, or leachate to ensure no future threat of harm to human health and the environment, including complying with the following procedures:
1. Post signage stating expected closure date and date waste is no longer accepted at least 30 days prior to closure or end of operations;
 2. Remove and properly dispose of all solid waste at a waste facility authorized to accept such waste, including leachate, from the facility;
 4. All areas of the facility, including containers, equipment, machines, floors, and surfaces, that were in contact with solid waste and that are not to be removed during final closure shall be washed with soap or detergent or otherwise subject to procedures that substantially reduce or eliminate any remaining constituents or contaminants derived from contact with solid wastes; and
 5. Collect and properly dispose of all wash water and rinse water;
- C.** Any ongoing or required investigation into the nature and extent of any release and required

corrective action pursuant to R18-13-503(B) must be completed before final closure of the facility may occur.

- D.** Upon completion of final closure, the owner or operator of the facility shall submit written notice of final closure to Department. The written notice shall certify compliance with the requirements of this Section. The written notice shall be submitted to the Department within 30 days of the completion of final closure.

R18-13-505. Financial Assurance; Requirements

- A.** Within 180 days of the effective date of the rule the owner or operator of an existing solid waste transfer facility listed under R18-13-502(A)(1) shall demonstrate financial capability to meet any closure, post-closure care, and corrective action requirements under this Article. Beginning 180 days after the effective date of this rule, a new solid waste transfer facility listed under R18-13-502(A)(1) shall not begin operation until the owner or operator demonstrates financial capability to meet any closure, post-closure care, and corrective action requirements under this Article. The owner or operator shall demonstrate financial capability pursuant to R18-13-1702.
- B.** The owner or operator of a solid waste transfer facility listed under R18-13-502(A)(1) may use any one or combination of financial assurance mechanisms listed under R18-13-1704 to demonstrate financial capability as required under subsection (A) of this Section.
- C.** The cost estimate made pursuant to R18-13-1702(A) and associated financial assurance mechanism shall be updated every three years to adjust for inflation or as necessary to reflect increased costs resulting from changes to facility conditions.

R18-13-506. Records

- A.** All records required by this Article shall be retained in an operating record near the facility, or in an alternative location approved by the agency, for at least three years. If notification of an enforcement action by the department has been received, the records shall be retained until a final determination has been made in the matter or in accordance with the final determination.

ARTICLE 17. FINANCIAL ASSURANCE

R18-13-1701. Definitions

1. “Book net worth” means the net difference between total assets and total liabilities.
2. “Face amount” means the total amount the insurer is obligated to pay under the policy.

3. “MSWLF” means municipal solid waste landfill.
3. 4. “Net working capital” means current assets minus current liabilities.
4. 5. “Substantial business relationship” means a pattern of recent or ongoing business transactions to the extent that a guaranty contract issued incident to that relationship is valid and enforceable.
5. 6. “Tangible net worth” means an owner or operator’s book net worth, plus subordinated debts, less goodwill, patent rights, royalties, and assets and receivables due from affiliates or shareholders.

R18-13-1702. Financial Demonstrations for Solid Waste Facilities

- A.** Financial demonstration. The owner or operator of a solid waste facility for which a financial demonstration is required under R18-13-405 or R18-13-505 shall submit a demonstration of financial capability to meet the following, as required, based on the cost estimate of hiring a third-party to complete site closure:
1. Cost of facility closure;
 2. Cost to ensure proper facility post-closure care; and
 3. Cost to perform any corrective action as a result of any known releases from the facility.
- B.** The owner or operator of a solid waste facility for which a financial is required under R18-13-405 or R18-13-505 shall submit a letter signed by the chief financial officer or other delegated officer stating that the owner or operator is financially capable of meeting the costs described in subsection (A) and submit the information required for at least one of the financial assurance mechanisms listed in R18-13-1704 that covers the closure, post-closure, and corrective action costs submitted under subsection (A), including:
1. The selected financial mechanism or mechanisms;
 2. The amount covered by each financial mechanism;
 3. The institution or company that is responsible for each financial mechanism used in the demonstration; and
 4. Any other details that demonstrate how the owner or operator is financially capable of meeting the costs described in R18-13-405(A), R18-13-505(A), or other applicable rules in this Chapter.

R18-13-1703. Financial Demonstrations for CCR Facilities

- A.** Financial demonstration. The owner or operator ~~of a~~ of a solid waste facility for which a financial demonstration is required under this Article shall demonstrate financial capability to meet all of the following based on third-party cost estimates that are representative of regional fair market costs:

1. Cost of Facility Closure for all applicable units at the facility,
2. Cost to Ensure Proper Post-Closure Care for all applicable units at the Facility, and
3. Cost to perform any corrective action as a result of known releases at all applicable units at the facility

B. The owner or operator shall:

1. Submit a letter signed by the chief financial officer stating that the owner or operator is financially capable of meeting the costs described in subsection (A); and either subsection B(2) or B(3) below.
2. For a state or federal agency, county, city, town, or other local governmental entity, submit a statement specifying the details of the financial arrangements used to meet the estimated costs described in subsection (A), including any other details that demonstrate how the owner or operator is financially capable of meeting those costs; or
3. For other than a state or federal agency, county, city, town, or other local governmental entity, submit the information required for at least one of the financial assurance mechanisms listed in R18-13-1704 that covers the closure, post-closure, and corrective action costs submitted under subsection (A), including:
 - a. The selected financial mechanism or mechanisms;
 - b. The amount covered by each financial mechanism;
 - c. The institution or company that is responsible for each financial mechanism used in the demonstration;
 - e. Any other details that demonstrate how the owner or operator is financially capable of meeting the costs described in R18-13-1020(A)(2) or other applicable rules in this Chapter.

R18-13-1704. Financial Assurance Mechanisms

The owner or operator of a ~~CCR~~ solid waste facility for which a financial demonstration under R18-13-1702 or R18-13-1703 is required by this Chapter may use any one or a combination of the following mechanisms to cover the financial assurance obligations under R18-13-1702(A) or R18-13-1703(A):

1. Financial test for self-assurance. If an owner or operator uses a financial test for self-assurance, the owner or operator shall not consolidate the financial statement with a parent or sibling company. The owner or operator shall make the demonstration in either subsection (1)(a) or (b) and submit the information required in subsection (1)(c):
 - a. The owner or operator may demonstrate:

- i. One of the following:
 - (1) A ratio of total liabilities to net worth less than 2.0 and a ratio of current assets to current liabilities greater than 1.5;
 - (2) A ratio of total liabilities to net worth less than 2.0 and a ratio of the sum of net annual income plus depreciation, depletion, and amortization to total liabilities greater than 0.1; or
 - (3) A ratio of the sum of net annual income plus depreciation, depletion, and amortization to total liabilities greater than 0.1 and a ratio of current assets to current liabilities greater than 1.5;
 - ii. The net working capital and tangible net worth of the owner or operator each are at least six times the closure, post-closure and corrective action cost estimates; and
 - iii. The owner or operator has assets in the U.S. of at least 90 percent of total assets or six times the closure, post-closure and corrective action cost estimates; or
- b. The owner or operator may demonstrate:
- i. The owner or operator's senior unsecured debt has a current investment-grade rating as issued by Moody's Investor Service, Inc.; Standard and Poor's Corporation; or Fitch Ratings;
 - ii. The tangible net worth of the owner or operator is at least six times the closure, post-closure and corrective action cost estimates; and
 - iii. The owner or operator has assets in the U.S. of at least 90 percent of total assets or six times the closure, post-closure and corrective action cost estimates; and
- c. The owner or operator shall submit:
- i. A letter signed by the owner or operator's chief financial officer that identifies the criterion specified in subsection (1)(a) or (b) and used by the owner or operator to satisfy the financial assurance requirements of this Section, an explanation of how the owner or operator meets the criterion, and certification of the letter's accuracy, and
 - ii. A statement from an independent certified public accountant verifying that the demonstration submitted under subsection (1)(c)(i) is accurate based on a review of the owner or operator's financial statements for the latest completed fiscal year or more recent financial data and no

adjustment to the financial statement is necessary.

2. Performance surety bond. The owner or operator may use a performance surety bond if all the following conditions are met:
 - a. The company providing the performance bond is listed as an acceptable surety on federal bonds in Circular 570 of the U.S. Department of the Treasury;
 - b. The bond provides for performance of all the covered items listed in R18-13-1702(A) or R18-13-1703(A) by the surety, or by payment into a standby trust fund of an amount equal to the penal amount if the owner or operator fails to perform the required activities;
 - c. The penal amount of the bond is at least equal to the amount of the cost estimate developed in R18-13-1702(A) or R18-13-1703(A) if the bond is the only method used to satisfy the requirements of this Section or a pro-rata amount if used with another financial assurance mechanism;
 - d. The surety bond names the Arizona Department of Environmental Quality as beneficiary;
 - e. The original surety bond is submitted to the Director;
 - f. Under the terms of the bond, the surety is liable on the bond obligation when the owner or operator fails to perform as guaranteed by the bond; and
 - g. The surety payments under the terms of the bond are deposited directly into the Standby Trust Fund.
3. Certificate of deposit. The owner or operator may use a certificate of deposit if the following conditions are met:
 - a. The owner or operator submits to the Director one or more certificates of deposit made payable to or assigned to the Department to cover the owner or operator's financial assurance obligation or a pro-rata amount if used with another financial assurance mechanism;
 - b. The certificate of deposit is insured by the Federal Deposit Insurance Corporation and is automatically renewable;
 - c. The bank assigns the certificate of deposit to the Arizona Department of Environmental Quality;
 - d. Only the Department has access to the certificate of deposit; and
 - e. Interest accrues to the owner or operator during the period the owner or operator gives the certificate as financial assurance, unless the interest is required to satisfy the requirements in R18-13-1702(A) or R18-13-1703(A).

4. Trust fund. The owner or operator may use a trust fund if the following conditions are met:
- a. The trust fund names the Arizona Department of Environmental Quality as beneficiary, and
 - b. For a CCR facility under R18-13-1703, the trust is initially funded in an amount at least equal to:
 - i. The cost estimate for the items submitted under R18-13-1703(A),
 - ii. The amount specified in a compliance schedule approved in a CCR facility permit, or
 - iii. A pro-rata amount if used with another financial assurance mechanism.
 - c. For a solid waste facility under R18-13-1702:
 - i. The trustee must be an entity which 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. A copy of the trust agreement must be placed in the facility's operating record.
 - ii. Payments into the trust fund must be made annually by the owner or operator for a period of 20 years or over the remaining life of the solid waste facility, whichever is shorter, until the fund is fully-funded. This period is referred to as the pay-in period.
 - iii. For a trust fund used to demonstrate financial assurance for closure and post-closure care, the first payment into the fund must be at least equal to the current cost estimate for closure or post-closure care, except as provided in subsection (12), divided by the number of years in the pay-in period as defined in subsection (4)(c)(ii). The amount of subsequent payments must be determined by the following formula:

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

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.
5. Letter of credit. The owner or operator may use a letter of credit if the following conditions are met:
- a. The financial institution issuing the letter is regulated and examined by a federal

- or state agency;
- b. The letter of credit is irrevocable and issued for at least one year in an amount equal to the cost estimate submitted under R18-13-1702(A) or R18-13-1703(A) or a pro rata amount if used with another financial assurance mechanism. The letter of credit provides that the expiration date is automatically extended for a period of at least one year unless the issuing institution has canceled the letter of credit by sending notice of cancellation by certified mail to the owner or operator and the Director 90 days in advance of cancellation or expiration. The owner or operator shall provide alternate financial assurance within 60 days of receiving the notice of expiration or cancellation;
 - c. The financial institution names the Arizona Department of Environmental Quality as beneficiary for the letter of credit; and
 - d. The letter is prepared by the financial institution and identifies the letter of credit issue date, expiration date, dollar sum of the credit, the name and address of the Department as the beneficiary, and the name and address of the owner or operator.
6. Insurance policy. The owner or operator may use an insurance policy if the following conditions are met:
- a. The insurance is effective before signature of the permit or substitution of insurance for other extant financial assurance instruments posted with the Director;
 - b. The insurer is authorized to transact the business of insurance in the state and has an AM BEST Rating of at least a B+ or the equivalent;
 - c. The owner or operator submits a copy of the insurance policy to the Department;
 - d. The insurance policy guarantees that funds are available to pay costs for all items listed under R18-13-1702(A) or R18-13-1703(A) without a deductible. The policy also guarantees that once cleanup steps begin that the insurer will pay out funds to the Director or other entity designated by the Director up to an amount equal to the face amount of the policy;
 - e. The policy guarantees that while closure, post-closure, or corrective action activities are conducted the insurer will pay out funds to the Director or other entity designated by the Director up to an amount equal to the face amount of the policy;
 - f. The insurance policy is issued for a face amount at least equal to the current cost

- estimate submitted to the Director for performance of all items listed under R18-13-1702(A) or R18-13-1703(A) or a pro-rata amount if used with another financial assurance mechanism. Actual payments by the insurer will not change the face amount, although the insurer's future liability is reduced by the amount of the payments, during the policy period;
- g. The insurance policy names the Arizona Department of Environmental Quality as additional insured;
 - h. The policy contains a provision allowing assignment of the policy to a successor owner or operator. The transfer of the policy is conditional upon consent of the insurer and the Department; and
 - i. The insurance policy provides that the insurer does not cancel, terminate, or fail to renew the policy except for failure to pay the premium. The automatic renewal of the policy, at a minimum, provides the insured with a renewal option at the face amount of the expiring policy. If the owner or operator fails to pay the premium, the insurer may cancel the policy by sending notice of cancellation by certified mail to the owner or operator and to the Director 90 days in advance of the cancellation. If the insurer cancels the policy, the owner or operator shall provide alternate financial assurance within 60 days of receiving the notice of cancellation.
7. ~~Cash deposit. The owner or operator may use a cash deposit if the cash is deposited with the Department to cover the financial assurance obligation under R18-13-1703(A).~~
Deposit with the State Treasurer. The owner or operator may use a receipt of deposit with the State Treasurer to cover the financial assurance obligation under R18-13-1702(A) or R18-13-1703(A). The receipt shall show funds are available for costs under R18-13-1702(A) or R18-13-1703(A). The deposit shall be in the name of the Arizona Department of Environmental Quality on behalf of the owner or operator.
8. Local government financial test. A local government owner or operator that satisfies the requirements of subsections (8)(a) through (8)(c) of this section may satisfy the financial assurance obligation under this Article:
- a. Financial component. The owner or operator must satisfy paragraph (8)(a)(i) or (8)(a)(ii) of this section, as applicable:
 - i. If the owner or operator has outstanding, rated, general obligation bonds that are not secured by insurance, a letter of credit, or other collateral or guarantee, it must have a current rating of Aaa, Aa, A, or Baa, as issued

- by Moody's, or AAA, AA, A, or BBB, as issued by Standard and Poor's on all such general obligation bonds; or
- ii. The owner or operator must satisfy each of the following financial ratios based on the owner or operator's most recent audited annual financial statement:
- (1) A ratio of cash plus marketable securities to total expenditures greater than or equal to 0.05; and
- (2) A ratio of annual debt service to total expenditures less than or equal to 0.20.
- b. The owner or operator must prepare its financial statements in conformity with Generally Accepted Accounting Principles (GAAP) for governments and have its financial statements audited by an independent certified public accountant or Arizona Auditor General.
- c. A local government owner or operator is not eligible to assure its obligations under this subsection if the local government:
- i. is currently in default on any outstanding general obligation bonds;
- ii. has any outstanding general obligation bonds rated lower than Baa as issued by Moody's or BBB as issued by Standard and Poor's;
- iii. operated at a deficit equal to five percent or more of total annual revenue in each of the past two fiscal years; or
- iv. receives an adverse opinion, disclaimer of opinion, or other qualified opinion from the independent certified public accountant or state agency auditing its financial statement as required under subsection (8)(b) of this Section.
- d. Notwithstanding the eligibility requirements of subsection (8)(c) of this Section, the Director may evaluate qualified opinions on a case-by-case basis and allow use of the financial test pursuant to this subsection in cases where the Director deems the qualification insufficient to warrant disallowance of use of the test.
- e. Public notice component. The local government owner or operator must place a reference to a financial demonstration under R18-13-1702 assured through the financial test pursuant to this subsection into its next comprehensive annual financial report (CAFR) after the effective date of this subsection or prior to the initial receipt of waste at the facility, whichever is later. Disclosure must include closure and post-closure care requirements pursuant to this Chapter, the reported

liability at the balance sheet date, the estimated total closure and post-closure care cost remaining to be recognized, and the estimated life of the solid waste facility in years. A reference to corrective action costs must be placed in the CAFR no later than 120 days after a corrective action remedy has been selected. For the first year the financial test is used to assure costs at a particular facility, the reference may instead be placed in the operating record until issuance of the next available CAFR if timing does not permit the reference to be incorporated into the most recently issued CAFR or budget. For closure and post-closure costs, conformance with Government Accounting Standards Board Statement 18 assures compliance with this public notice component.

f. Recordkeeping and reporting. The local government owner or operator must place the following in the facility's operating record:

i. A letter signed by the local government's chief financial officer or other designated officer that:

(1) Lists all current cost estimates covered by a financial test, as described in subsection (l);

(2) Provides evidence and certifies that the local government meets the conditions of subsections (8)(a), (8)(b), and (8)(c); and

(3) Certifies the local government meets the conditions of subsection (8)(e) and subsection (l).

ii. The local government's independently audited year-end financial statements for the latest fiscal year, except for local governments where audits are required every two years where unaudited statements may be used in years when audits are not required, including the unqualified opinion of the auditor who must be an independent, certified public accountant or a state agency that conducts equivalent comprehensive audits;

iii. A report to the local government from the local government's independent certified public accountant (CPA) or state agency based on performing an agreed upon procedures engagement relative to the financial ratios required by subsection (8)(a)(ii), if applicable, and the requirements of subsections (8)(b), (8)(c)(iii), and (8)(c)(iv). The CPA or state agency's report should state the procedures performed and the CPA or state agency's findings; and

- iv. A copy of the comprehensive annual financial report (CAFR) used to comply with subsection (8)(e) or certification that the requirements of General Accounting Standards Board Statement 18 have been met.
- g. The items required in subsection (8)(f) must be placed in the facility operating record as follows:
 - i. In the case of closure and post-closure care, prior to the initial receipt of waste at the facility; or
 - ii. In the case of corrective action, not later than 120 days after the corrective action remedy is selected.
- h. After the initial placement of the items in the facility's operating record, the local government owner or operator must update the information every three years to adjust for inflation or as necessary to reflect increased costs resulting from changes to facility conditions and place the updated information in the operating record within 180 days following the close of the owner or operator's fiscal year.
- i. The local government owner or operator is no longer required to meet the requirements of subsection (8)(f) when:
 - i. The owner or operator substitutes alternate financial assurance as specified in this Section; or
 - ii. The owner or operator is released from the requirements of this Section in accordance with any applicable rule or law.
- j. A local government must satisfy the requirements of the financial test in accordance with R18-13-1702. If the local government owner or operator no longer meets the requirements of the local government financial test it must, within 210 days following the close of the owner or operator's fiscal year, obtain alternative financial assurance that meets the requirements of this Section, place the required submissions for that assurance in the operating record, and notify the Director that the owner or operator no longer meets the criteria of the financial test and that alternate assurance has been obtained.
- k. The Director, based on a reasonable belief that the local government owner or operator may no longer meet the requirements of the local government financial test, may require additional reports of financial condition from the local government at any time. If the Director finds, on the basis of such reports or other information, that the owner or operator no longer meets the requirements of the

local government financial test, the local government must provide alternate financial assurance in accordance with this section.

I. Calculation of costs to be assured. The portion of the closure, post-closure, and corrective action costs for which an owner or operator can assure under this paragraph is determined as follows:

i. If the local government owner or operator does not assure other environmental obligations through a financial test, it may assure closure, post-closure, and corrective action costs that equal up to 43 percent of the local government's total annual revenue.

ii. If the local government assures other environmental obligations through a financial test, including those associated with UIC facilities under 40 CFR 144.62, petroleum underground storage tank facilities under 40 CFR Part 280, PCB storage facilities under 40 CFR Part 761, and hazardous waste treatment, storage, disposal facilities under 40 CFR Parts 264 and 265, and Municipal Solid Waste Landfills under 40 CFR Part 258, it must add those costs to the closure, post-closure, and corrective action costs it seeks to assure under this paragraph. The total that may be assured must not exceed 43 percent of the local government's total annual revenue.

iii. The owner or operator must obtain an alternate financial assurance instrument for those costs that exceed the limits set in subsections (I)(i) and (I)(ii).

8. 9. Guarantees Corporate Guarantee.

a. The owner or operator may use ~~guarantees~~ a guarantee to cover the financial assurance obligations under R18-13-1702(A) or R18-13-1703(A) if the following conditions are met:

i. The owner or operator submits to the Department an affidavit certifying that the guarantee arrangement is valid under all applicable federal and state laws. If the owner or operator is a corporation, the owner or operator shall include a certified copy of the corporate resolution authorizing the corporation to enter into an agreement to guarantee the owner or operator's financial assurance obligation;

ii. The owner or operator submits to the Department documentation that explains the substantial business relationship between the guarantor and

- the owner or operator;
 - iii. The owner or operator demonstrates that the guarantor meets conditions of the financial mechanism listed in subsection (1). For purposes of applying the criteria in subsection (1) to a guarantor, substitute “guarantor” for the term “owner or operator” as used in subsection (1);
 - iv. The guarantee is governed by and complies with state law;
 - v. The guarantee continues in full force until released by the Director or replaced by another financial assurance mechanism listed under subsection (1);
 - vi. The guarantee provides that, if the owner or operator fails to perform closure, post-closure care or corrective action of a facility covered by the guarantee, the guarantor shall perform or pay a third party to perform closure, post-closure care or corrective action, as required by the permit, or establish a fully funded trust fund as specified under subsection (4) in the name of the owner or operator; and
 - vii. The guarantor names the Arizona Department of Environmental Quality as beneficiary of the guarantee.
- b. Guarantee reporting. The guarantor shall notify or submit a report to the Department within 30 days of:
- i. An increase in financial responsibility during the fiscal year that affects the guarantor’s ability to meet the financial demonstration;
 - ii. Receiving an adverse auditor’s notice, opinion, or qualification; or
 - iii. Receiving a Department notification requesting an update of the guarantor’s financial condition.

10. Local government guarantee. An owner or operator may demonstrate financial assurance for closure, post-closure, and corrective action to cover the financial assurance obligations under this R18-13-1702(A) by obtaining a written guarantee provided by a local government. The guarantor must meet the requirements of the local government financial test in subsection (9) of this Section, and must comply with the terms of a written guarantee.

- a. Terms of the written guarantee. The guarantee must be effective before the initial receipt of waste in the case of closure, post-closure care, or no later than 120 days after the corrective action remedy has been selected. The guarantee must provide that:

- i. If the owner or operator fails to perform closure, post-closure care, or corrective action of a facility covered by the guarantee, the guarantor will:
 - (1) Perform, or pay a third party to perform, closure, post-closure care, and corrective action, as required; or
 - (2) Establish a fully funded trust fund as specified in subsection (4) of this Section in the name of the owner or operator.
- ii. The guarantee will remain in force unless the guarantor sends notice of cancellation by certified mail to the owner or operator and to the Director. Cancellation may not occur, however, during the 120 days beginning on the date of receipt of the notice of cancellation by both the owner or operator and the Director, as evidenced by the return receipts.
- iii. If a guarantee is cancelled, the owner or operator must, within 90 days following receipt of the cancellation notice by the owner or operator and the Director, obtain alternate financial assurance, place evidence of that alternate financial assurance in the facility operating record, and notify the Director. If the owner or operator fails to provide alternate financial assurance within the 90-day period, the guarantor must provide that alternate assurance within 120 days following the guarantor's notice of cancellation, place evidence of the alternate assurance in the facility operating record, and notify the Director.
- b. Recordkeeping and reporting. The owner or operator must place a certified copy of the guarantee along with the items required under subsection (9)(f) into the facility's operating record before the initial receipt of waste or before the effective date of this section, whichever is later, in the case of closure, post-closure care, or no later than 120 days after the corrective action remedy has been selected.
- c. The owner or operator is no longer required to maintain the items specified in subsection (11)(b) when:
 - i. The owner or operator substitutes alternate financial assurance as specified in this section; or
 - ii. The owner or operator is released from the requirements of this Article.
- d. If a local government guarantor no longer meets the requirements of subsection (9), the owner or operator must, within 90 days, obtain alternative assurance,

place evidence of the alternate assurance in the facility operating record, and notify the Director. If the owner or operator fails to obtain alternate financial assurance within that 90-day period, the guarantor must provide that alternate assurance within the next 30 days.

11. Use of multiple mechanisms. An owner or operator may demonstrate financial assurance for closure, post-closure, and corrective action, as required under this Article, by establishing more than one mechanism per facility, except that mechanisms guaranteeing performance rather than payment, may not be combined with other instruments. The mechanisms must be as specified in subsections (1) through (11) and subsection (13), except that financial assurance for an amount at least equal to the current cost estimate for closure, post-closure care, and corrective action may be provided by a combination of mechanisms rather than a single mechanism.
 12. Use of a financial mechanism for multiple facilities. An owner or operator may use a financial assurance mechanism specified in subsections (1) through (11) and subsection (14) to meet the financial assurance requirements under this Article. The amount of funds available through the mechanism must be no less than the sum of funds that would be available if a separate mechanism had been established and maintained for each facility.
 - ~~9.~~ 13. An owner or operator may use a financial assurance mechanism not listed in subsections (1) through ~~(8)~~ (13) if approved by the Director.
- B.** Loss of coverage. If the Director believes that an owner or operator will lose financial capability under this Section, the owner or operator shall, within 30 days from the date of receipt of the Director's request, submit evidence that the financial demonstration under R18-13-1702 or R18-13-1703 is being met or provide an alternative financial assurance mechanism.
- C.** Financial assurance mechanism substitution. An owner or operator of a facility subject to the financial assurance requirements of R18-13-1702 may substitute one financial assurance mechanism with another, and shall notify the department within 30 days of the substitution. An owner or operator of a facility subject to the financial assurance requirements of R18-13-1703 may substitute one financial assurance mechanism for another if the substitution is approved by the Director through a permit modification or other Department approval.