NOTICE OF FINAL RULEMAKING

TITLE 18. ENVIRONMENTAL QUALITY

CHAPTER 14. DEPARTMENT OF ENVIRONMENTAL QUALITY

PERMIT AND COMPLIANCE FEES

PREAMBLE

1. Article, Part, or Section Affected (as applicable) Rulemaking Action
   R18-14-101     Amend
   R18-14-102     Amend
   R18-14-104     Amend
   R18-14-111     New Section
   R18-14-111     Renumber
   R18-14-111     Amend
   R18-14-112     Renumber
   R18-14-113     Renumber
   R18-14-114     New Section
   R18-14-114     Renumber
   R18-14-115     New Section

2. Citations to the agency’s statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific):
   Authorizing statute:    A.R.S. §§ 49-203(A)(6), 49-203(A)(9), 49-104(C)(1)
   Implementing statute:    A.R.S. § 49-257.01

3. The effective date for the rules:
   [SEC. OF STATE TO FILL IN]

4. Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the final rulemaking package:
   Notice of Rulemaking Docket Openings: 25 A.A.R. 2491 (September, 27, 2019)
                                       26 A.A.R. 2003 (September 25, 2020)
                                       27 A.A.R. 1592 (October 1, 2021)
   Notice of Proposed Rulemaking: 28 A.A.R. 16 (January 7, 2022)

5. The agency’s contact person who can answer questions about the rulemaking:
   Name:  Jon Rezabek
   Address:  Arizona Department of Environmental Quality
             Water Quality Division
             1110 W. Washington Street
             Phoenix, Arizona 85007
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   Website:  https://azdeq.gov/UIC

6. An agency’s justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation about the rulemaking:
   General Explanation of this Rulemaking:
   The Arizona Department of Environmental Quality (ADEQ) is required under A.R.S. §§ 49-203(A)(6) and 49-257.01(A) to adopt a permit program for underground injection control (UIC), as administered under the Safe Drinking Water Act (SDWA; 42 U.S.C. § 300h et seq.). Per the conditional enactment in proposed rule R18-9-A602(A), any UIC rules promulgated by the State of Arizona shall not have the force and effect of law until the U.S. Environmental Protection Agency (EPA) approves the transfer of primary enforcement authority (referred to herein as “Primacy”) through EPA’s publication of a final rule granting ADEQ Primacy in the Federal
Register (see 40 CFR § 145.31). ADEQ first attempted this process in the late 1990s; but those efforts ultimately failed due to insufficient statutory and regulatory authority to develop the program. In 2018 Senate Bill 1494 was passed, giving ADEQ the requisite statutory authority to promulgate a state-level UIC program as required to obtain primacy approval.

In this action, ADEQ proposes new regulatory framework to articulate compliance expectations, mandate regulatory duties, and identify certain rights of those regulated through the Arizona UIC program. On May 7, 2018, the Governor’s Office approved an exemption to the rulemaking moratorium in Executive Order 2018-02 so ADEQ can proceed with this rulemaking.

**Associated Rulemakings**

The Arizona UIC program is a regulatory program with associated fees and licensing time frames (LTF). A.A.C. R1-1-103(D)(4) states, “...[a]n agency shall file only one Chapter per notice for any rulemaking activity.” In adherence to the rule, the program component of the Arizona UIC program, which amends A.A.C. Title 18, Chapter 9, is a separate Notice of Proposed Rulemaking filed contemporaneously this rulemaking, which amends A.A.C. Title 18, Chapter 14. Furthermore, the Arizona UIC program amendments to the licensing time frames (LTF) rules (A.A.C. Title 18, Chapter 1) has also been filed alongside the program and fee amendments. The LTF Notice of Proposed Rulemaking amends A.A.C. Title 18, Chapter 1..

**What is Underground Injection?**

An injection well is used to place fluid underground into porous geologic formations. These underground formations may range from deep sandstone or limestone, to a shallow soil layer. Injected fluids may include water, wastewater, brine (salt water), or water mixed with chemicals.

**What is a well?**

A well is a bored, drilled, or driven shaft whose depth is greater than the largest surface dimension; or a dug hole whose depth is greater than the largest surface dimension; or, an improved sinkhole; or a subsurface fluid distribution system.

**What does the Federal UIC program do?**

The UIC program protects Underground Sources of Drinking Water (USDW) through the regulation of injection wells. USDWs are:

1. supply public water systems; or
2. contain a sufficient quantity of ground water to supply a public water system; and
   a. currently supply drinking water for human consumption, or
   b. contain fewer than 10,000 mg/l total dissolved solids; and
3. are not aquifers exempted under the UIC program.

**How does the UIC program protect USDWs?**

The UIC program requires injected fluids stay within the well or the intended injection zone. The program also regulates fluids that are directly or indirectly injected into a USDW by prohibiting the movement of fluid containing any contaminant into USDWs, if the presence of that contaminant may cause a violation of any primary drinking water regulation or may otherwise adversely affect the health of persons.

**What are the different well classifications in the UIC program?**

**Class I**

Class I wells are used to inject hazardous and non-hazardous wastes into deep, isolated rock formations. Class I wells are disposal wells used by the petroleum refining, metal production, chemical production, pharmaceutical production, commercial disposal, food production and municipal wastewater treatment industries (amongst others) to dispose. These deep well injections release fluids into formations below USDWs, usually formations separated by multiple geologic strata from USDWS and often times at depths thousands of feet below the surface.
Class II wells are used exclusively to inject fluids associated with oil and natural gas production. Class II wells fall into one of the following three categories: disposal wells, enhanced recovery wells and hydrocarbon storage wells. Class II fluids are primarily brines (salt water) that are brought to the surface while producing oil and gas. Brines are separated from hydrocarbons at the surface and reinjected into the same or similar underground formations for disposal. Enhanced recovery wells utilize fluids consisting of brine, freshwater, steam, polymers, or carbon dioxide that are injected into oil-bearing formations to recover residual oil and in limited applications, natural gas. Hydrocarbon storage wells inject liquid hydrocarbons into underground formations (such as salt caverns) where they are stored, generally, as part of the U.S. Strategic Petroleum Reserve.

**Class III**

Class III wells are used to inject fluids for the purpose of dissolving and then extracting minerals. Production wells, which bring mining fluids to the surface, are not regulated under the UIC program. Class III wells are used to mine Uranium, Salt, Copper and Sulfur. Class III injection requirements isolate fluids from underground sources of drinking water.

**Class IV**

Class IV wells are used to inject hazardous or radioactive wastes into or above a geologic formation that contains a USDW. In 1984, EPA banned the use of Class IV injection wells. ADEQ will continue this ban upon primacy. These wells may only operate as part of an EPA or state authorized ground water clean-up action. Less than 32 waste clean-up sites with Class IV wells exist in the United States.

**Class V**

Class V wells are used to inject non-hazardous fluids underground. Most Class V wells are used to dispose of wastes into or above USDWs. This disposal can pose a threat to ground water quality if not managed properly. The different types of Class V wells pose various threats. Most Class V wells are shallow disposal systems that depend on gravity to drain fluids directly in the ground. Over 20 well subtypes fall into the Class V category. There are more than 650,000 Class V wells estimated to operate in the United States. Most of these Class V wells are unsophisticated shallow disposal systems such as stormwater drainage wells, septic system leach fields and agricultural drainage wells.

**Class VI**

Class VI wells are used to inject carbon dioxide (CO2) into deep rock formations. This long-term underground storage is called geologic sequestration (GS). Geologic sequestration refers to technologies to reduce CO2 emissions to the atmosphere and mitigate climate change.

**Stakeholder Composition**

Arizona currently has five (5) individual EPA UIC program permits operating within the state boundaries (not including Indian lands), all of which are for Class III wells for the purpose of extracting salts and copper. The three companies operating the five permits are Morton Salt, Inc., Excelsior Mining Arizona, Inc. and Florence Copper, Inc.

The UIC program applies to a large number of Class V injection wells through the programs “authorization by rule.” Class V authorization by rule includes initial inventorying, operators meeting a set of criteria, including a general standard to not cause fluids to move in such a way where a USDW would receive a pollutant above the standards in Table 1. Examples of Arizona Class V wells include drywells, aquifer storage recharge wells, septic systems serving greater than 20 people per day or that have a design flow of over 3,000 gallons per day and stimulation injection wells for the purpose of inert gas extraction (See proposed rule R18-9-A604(E) in Section 13 below for more examples of Class V wells). Furthermore, through stakeholder outreach, ADEQ has become aware of Arizona municipalities that are interested in developing Class I municipal wastewater disposal wells.

**What has been the stakeholder process thus far for this rulemaking?**

Statutory authority for program pursuit was passed into law through Senate Bill 1494 in 2018 at A.R.S. §§ 49-257 and 49-257.01. An exemption memo was received from the Governor’s Office in May of 2018. Since those events, ADEQ has been reaching out to UIC stakeholders throughout the state in a pre-rulemaking process.
known internally as “informal rulemaking”. Informal rulemaking involves developing and setting internal goals for what the rulemaking should achieve. ADEQ has held nine (9) stakeholder meetings, either presenting to stakeholders, receiving stakeholder input or both. Tribal consultation presentations were conducted three times in May 2019. Tribal correspondence has been addressed throughout the informal rulemaking phase as well.

The nine stakeholder meetings were designed to inform the regulated community of ADEQ’s progress in pursuing Primacy, as well as, explaining and presenting drafts of the state rules being developed for the ultimate purpose of administering the program. In November 2019 and November 2020, stakeholders were given access to drafts of the “program rule”. Afterwards, ADEQ solicited hundreds of comments from the regulated community, addressing and analyzing each one. Some comments led to changes in rule language, while others were determined to be inapplicable or unnecessary. All comments received were considered and are appreciated by the Agency. A repository of materials and events can be viewed on ADEQ’s “Stakeholder Materials” page for the UIC rulemaking. That webpage can be found here: https://azdeq.gov/UIC

In the context of stakeholder involvement, it should be noted that this set of rules, internally referred to as the “program rules,” is largely the same in substance as the EPA UIC permit program, which can be viewed in the CFR (see 40 CFR Parts 144 and 146). The substantive similarities were made by design, as EPA requires a primacy applicant’s administering rules to be at least as stringent as the EPA program. Furthermore, in Arizona, a number of statutes (A.R.S. §§ 41-1052(D)(9), 49-104(16) and others) prohibit a rule’s passage if the rule is more stringent than a corresponding federal law unless there is statutory authority to exceed the federal requirements. Due to these limitations on stringency, the language in the EPA program was adopted largely as is. The influence of stakeholder input can be seen in R18-9-A602, R18-9-C627(B) through (F) and R18-9-C631(B).

**UIC Fees**

The major factor in ADEQ’s decision-making in setting fees for the UIC program is the goal of putting the least amount of burden on the stakeholders while generating enough revenue to support the administrative costs necessary to operate the program. More specifically, the rulemaking proposal in A.A.C. R18-14-102(B) includes an hourly rate for a water quality protection service associated with a UIC permit to be set at $145 an hour. The APP program’s water quality protection service fee is $122 and was set in 2011. ADEQ determined $145 an hour for a UIC water quality protection service fee by considering other fees in the agency, such as the Air Pollution Control permits (A.A.C. R18-2-236(2)(d) & (H)) under Subs, as well as accounting for inflationary costs since 2011. A final factor of consideration was the goal of providing adequate revenue for the purposes of supporting the administration of the program.

The rulemaking proposal in A.A.C. R18-14-102(C) includes maximum fees for a water quality protection service assessed at an hourly rate. UIC Area and Classes I, II, III and V permits are set at $200,000. UIC Area and Classes I, II, III and V permit modification and/or permit renewal are set at a maximum of $150,000. UIC Class VI permits maximum fee proposal is “no max”. The reason why no maximum fee has been proposed for UIC Class VI is because of its complicated and unknown nature. Arizona does not have any Class VI carbon sequestration wells and the entire country only has a few in operation. ADEQ believes there is no basis for proposing a maximum on UIC Class VI wells at this time.

The Annual Fees (listed in Tables 3.1 and 3.2 of R18-14-104) and the UIC Flat Fees (listed in R18-14-111) were determined by considering the necessary revenue needed to support the administration of the program while putting the least burden possible on the stakeholders. Other factors include input from the APP program and other states’ UIC programs.

ADEQ is exploring the regulation of drywells under the UIC program as Class V wells “authorized by rule.” At primacy, ADEQ will take administrative and enforcement authority over the UIC program, including Class V regulation of drywells.

In discussion with UIC stakeholders, it was determined that a review of the revenues collected from the UIC program’s fees should take place once every three years in order to ensure that enough revenue is being collected to properly administer the program and to make sure the fees are equitable by putting the least amount of burden on the stakeholders. To that end, R18-14-115 is proposed in this rulemaking.
7. A reference to any study relevant to the rule that the agency reviewed and proposes either to rely on or not to rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:
   Not applicable.

8. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:
   Not applicable.

9. The economic, small business, and consumer impact statement:
   This Economic, Small Business, and Consumer Impact Statement has been prepared to meet the requirements of A.R.S. § 41-1055.

   A. An identification of the rulemaking:
   The rulemaking addressed by this Economic, Small Business, and Consumer Impact Statement (EIS) consists of 72 new sections, as well as amendments to existing sections, made by the Arizona Department of Environmental Quality (ADEQ) to 18 A.A.C. 9, Articles 1 and 6, 18 A.A.C. 1, Article 5 and 18 A.A.C. 14, Article 1 in order to adopt the Federal Safe Drinking Water Act’s (SDWA) Underground Injection Control Program (UIC) under the relevant regulation in 40 C.F.R. Parts 144 through 146 within the State of Arizona as required under A.R.S. §§ 49-203(A)(6), 49-257.01.

   Arizona Revised Statutes §§ 49-203(A)(6) and 49-257.01 mandate that ADEQ establishes the UIC Program through rule. Federal statute at 42 United States Code 300h et seq. authorizes EPA to grant states primary enforcement authority or primacy over the UIC program upon the adoption of the program in rule at the state level (see 40 CFR 145.22(a)(5)).

   Control of underground injection conducted in the industrial, municipal and residential sectors is necessary in order to protect Arizona’s underground sources of drinking water (USDWs) or aquifers. In Arizona, the UIC program has been administered by the Environmental Protection Agency (EPA) for decades. Currently 5 Federal UIC permits are in effect, along with thousands of UIC Class V wells that are authorized by rule.

   Arizona’s program adoption will allow primacy to rest with ADEQ who is entirely focused on, and knowledgeable of, Arizona’s unique geology and climate; and who deeply understand Arizona’s environment, economy, and community. Additionally, program adoption will allow ADEQ to issue better permits, faster, and eliminate duplicative regulation, permitting, and permittee fees between the Federal and state programs. Adoption of this program will supplement Arizona’s already existing groundwater safeguards, taking a place in conjunction with the Aquifer Protection Permit Program.

   B. A summary of the EIS: General Impacts
   The primary costs of this rulemaking will be borne by UIC well permit holders and UIC wells authorized by rule. This includes in-situ copper mines, salt mines, municipal aquifer storage and recharge wells, extraction wells, carbon sequestration wells and a host of other injection wells.

   There will be an increase in permitting costs due to ADEQ’s fee-for-service model. The fee-for-service model institutes the charging of permittees for a significant portion of the funding needed to support the implementation of the regulatory program. The Federal UIC program operates off of a general fund model, where permittees are not charged and the cost of implementation of the regulatory program comes from specific, legislatively approved funds (usually with an origin in government tax revenue). Many of ADEQ’s programs were changed after the 2008 recession from a general fund model to fee-for-service model. The difference between the fee-for-service model and the general fund model is the reason the regulatory program within this rulemaking will impose a financial burden upon the permittees.

   Despite the increase in permitting fees, such as annual fees, the beneficial impact to the stakeholders include permits and amendments being issued faster and the elimination of duplicative regulation, permitting, and permittee fees as a result of eliminating one of the two applicable regulatory programs for
UIC permittees. ADEQ stands to benefit from this increase in fees by fulfilling a requirement of primacy. The stakeholders and the general public stand to benefit through the assurance provided that high-risk drywells in the state are being physically inspected from time to time, as opposed to rarely, as was the frequency of inspection before the ADEQ UIC program primacy.

A positive impact for all stakeholders is the protection of the environment that the program this rulemaking supports will bring. Individuals with a better understanding of Arizona’s geology and climate will be developing and maintaining these permits, which will lead to better protection of the environment, which supports the economy, which supports the community.

Specific Impacts
While the three existing UIC permittees in the state of Arizona will see an increase in regulatory cost of conducting their business, they stand to benefit greatly in having the program administered in-state through speedier application review and permit services, the elimination of duplicative regulation between the Federal and state governments and local access to ADEQ expertise, personnel and customer service. Despite the increase in regulatory cost, the existing permittees support ADEQ’s adoption of the program.

Drywell regulation in Arizona will be transitioned from dual regulation between the Federal and state governments to a singular, UIC Class V authorization by rule through a simple inventory. Arizona’s more than 65,000 registered drywells will be transitioned into the UIC Class V well inventory without a charge. The former drywell registration fee of $100 will be increased to $200 per UIC Class V inventory.

The reason for this increase to the Drywell fees is to supplement the funds necessary to support the implementation of the Class V portion of the UIC program. This includes an EPA requirement for ADEQ to assume the inspection of responsibilities for Class V wells in the state.

Stakeholder Process
ADEQ and Arizona’s UIC stakeholders spent many hours negotiating the fees for the UIC program in this rulemaking. The transparent and collaborative process rendered a balanced set of fees, whereupon the needs of all parties were met and the support of the stakeholders in adopting the program was preserved.

C. Identification of the persons who will be directly affected by, bear the costs of, or directly benefit from the rules:
This rulemaking will affect state government agencies, political subdivisions, and privately-owned businesses. Additionally, the rulemaking will impact the general public.

ADEQ has identified the following list of affected persons:

State government agencies
State agencies benefit from the rulemaking due to the rulemaking supporting the environment, the community, and industry.

- ADEQ
- Arizona Department of Water Resources
- Arizona Department of Agriculture

Political subdivisions
Political subdivisions benefit from the rulemaking due to the rulemaking supporting the environment, the community, and industry. Additional benefits include faster, better permits facilitating the installation of Drywells as needed and the development of groundwater treatment facilities to support Arizona’s growing potable water needs. As permittees, political subdivisions will also bear the increased cost of the new permitting fee schedule.

- Counties
- Municipalities
Domestic Water Improvement Districts

Privately-Owned Businesses
Privately-owned businesses will benefit from faster, better permits reducing the costs of delays to permit issuance. As permittees, political subdivisions will also bear the increased cost of the new permitting fee schedule.

- Mines
- Mineral Extraction Companies
- Businesses which utilize drywells

The General Public
The general public will benefit from the environmental protection of better permits being issued by an agency with expertise specific to the permitting actions occurring in Arizona’s climate and geology. Additional benefits will be derived through the benefits industry derives which in turn supports the community and the general public.

D. Cost/benefit analysis
   1. Part I - Cost/Benefit Stakeholder Matrix:

<table>
<thead>
<tr>
<th>Description of Affected Groups</th>
<th>Description of Effect</th>
<th>Increased Cost / Decreased Revenue</th>
<th>Decreased Cost / Increased Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. State and Local Government Agencies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADEQ</td>
<td>Costs of supporting and implementing a new regulatory program</td>
<td>Moderate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ensuring underground sources of drinking water supply or aquifers are better protected from pollution.</td>
<td></td>
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<tr>
<td></td>
<td>Compliance with state and federal law.</td>
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<tr>
<td></td>
<td>Support of ADEQ’s mission to protect and enhance public health and the environment.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Political Subdivisions</td>
<td>Tax revenues and indirect benefits of clean underground sources of drinking water supply</td>
<td>Significant</td>
<td></td>
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<tr>
<td></td>
<td>Regulation of desalination disposal kept local</td>
<td>Significant</td>
<td></td>
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<tr>
<td></td>
<td>Cost savings due to the elimination of duplicative regulatory programs (Federal UIC becomes State</td>
<td>Significant</td>
<td></td>
</tr>
</tbody>
</table>
B. Privately Owned Businesses

<table>
<thead>
<tr>
<th>Privately-Owned Business</th>
<th>Cost savings due to elimination of duplicative regulatory programs (Federal UIC becomes State UIC, UIC permittees no longer applicable to APP)</th>
<th>Moderate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Permits and Permit Amendments issued faster</td>
<td>Significant</td>
</tr>
<tr>
<td></td>
<td>Localized access to ADEQ’s expertise, personnel and customer service, as well as a streamlined permitting process, and a reduction in cost through the elimination of duplicative regulation between Federal and state programs.</td>
<td>Significant</td>
</tr>
<tr>
<td>General Public</td>
<td>Ensuring underground sources of drinking water supply or aquifers are better protected from pollution.</td>
<td>Significant</td>
</tr>
<tr>
<td></td>
<td>ADEQ employees developing Arizona-specific permits, leading to a better protection of the environment, which supports the economy, which supports the community.</td>
<td>Significant</td>
</tr>
</tbody>
</table>

2. Part II - Individual Stakeholder Summaries/Calculations:

This section outlines ADEQ’s analyses of the estimated costs and benefits of this rulemaking, made after consultation with ADEQ staff, as well as knowledgeable individuals in the area of groundwater protection and underground injection control.

ADEQ

ADEQ will incur moderate costs as a result of implementing this rulemaking and administering the program. The rulemaking process itself requires staff time for technical review, rule composition, and public input. In order to support the administration of the UIC program, ADEQ plans on hiring 3.2 new full-time employees (FTE). These 3.2 FTEs will be split primarily between permit specialist positions, inspectors and other administrative duties. Funding those positions will incur moderate costs to ADEQ annually which will be offset by permit service fees, annual fees, inventory fees, well fees and an EPA work grant.

This rulemaking will create significant benefit to ADEQ in its fulfillment of the legislative mandates at A.R.S. §§ 49-203(A)(6) and 49-257.01. Given ADEQ’s mission to protect human health and the environment, the Department acknowledges the benefits to stakeholders that will flow from the implementation of this program, including a streamlined permitting process and a reduction in cost through the elimination of duplicative regulation between Federal and state programs. Upon adoption of the program, stakeholders who would have in the past had to file dual applications, comply with dual regulatory programs, file a dual set of ongoing reports and pay for consulting costs for dual permits will see all of those obligations consolidated into one, localized state program and permit. This fact stands to save the regulated community time, money and hardship.

The Number of New, Full-Time Employees Necessary to Implement and Enforce the Proposed Rule

3.2

Political Subdivisions

Political subdivisions are likely to see minimal costs and minimal benefit from this rulemaking. As mentioned above, municipalities have shown interest in applying for Class I disposal well permits; however, none have
been applied for at the time of this rulemaking. Until political subdivisions apply for UIC permits, they will see no costs due to this rulemaking and the UIC program. However, political subdivisions are interested in the disposal of brine from prospective desalination plants. This rulemaking stands to localize brine disposal regulation, which would bring benefit to prospective stakeholders. Municipalities also often own a multitude of dry wells, which are to be regulated under the UIC program’s Class V wells.

The UIC program exists currently, administered by the Federal government, until ADEQ achieves primary enforcement authority over the program. As is stated above, the EPA administered program is funded through an approved budget from a Federal general fund. ADEQ’s funding for UIC program administration will be realized through a fee-for-service model. The fee-for-service model institutes the charging of applicants and permitees for a significant portion of the funding necessary to support the regulatory program and the personnel necessary to staff it. Many of ADEQ’s programs are structured this way. The Federal UIC program does not charge applicants, but rather derives its approved funds from a Federal general fund. The difference between the fee-for-service model and the general fund model is the reason the regulatory program within this rulemaking will impose a potentially minimal financial burden upon political subdivisions.

However, when the political subdivisions choose to engage with the UIC program that is the subject of this rulemaking, the benefits include a streamlined permitting process, and a reduction in cost through the elimination of duplicative regulation between Federal and state programs. Upon adoption of the program stakeholders who would have in the past had to file dual applications, comply with dual regulatory programs, file a dual set of ongoing reports and pay for consulting costs for dual permits will see all of those obligations consolidated into one, localized state program. This fact stands to save the regulated community time, money and hardship.

Privately-Owned Business
Privately-owned business is likely to see moderate cost and moderate benefit from this rulemaking. The disparity between EPA’s general fund program model and ADEQ’s fee-for-service model will incur potentially moderate costs to privately-owned businesses, especially the businesses that currently have UIC permits.

However, and as mentioned above, the benefits to privately-owned business include a streamlined permitting process, and a reduction in cost through the elimination of duplicative regulation between Federal and state programs. Upon adoption of the program, stakeholders who would have in the past had to file dual applications, comply with dual regulatory programs, file a dual set of ongoing reports and pay for consulting costs for dual permits will see all of those obligations consolidated into one, localized state program. This fact stands to save the regulated community time, money and hardship.

General Public
The general public could see significant benefit from this rulemaking. The UIC program that is the subject of this rulemaking aims to protect underground sources of drinking water supply or aquifers, many of which provide drinking water to Arizonans. The price of treating contaminated water or having to resort to other sources of water for drinking water supply is potentially significant. Furthermore, A positive impact for all stakeholders is the protection of the environment that the program this rulemaking supports will bring. Individuals with a better understanding of Arizona’s geology and climate will be developing and maintaining these permits, which will lead to better protection of the environment, which supports the economy, which supports the community.

E. A general description of the probable impact on private and public employment in business agencies, and political subdivisions of this state directly affected by the rulemaking:
ADEQ estimates that, for the most part, this rulemaking will not have an impact on public or private employment. However, and as mentioned above, all UIC permitees, whether public or private, stand to benefit through the state establishment of a streamlined permitting process, and a reduction in cost through the elimination of duplicative regulation between Federal and state programs. Upon adoption of the program, stakeholders who would have in the past had to file dual applications, comply with dual regulatory programs, file a dual set of ongoing reports and pay for consulting costs for dual permits will see all of those obligations consolidated into one, localized state program. This fact stands
to save the regulated community time, money and hardship. Arizona environmental consultants may see a minimal detriment due to the streamlining of environmental compliance for companies using injection wells.

F. A statement of the probable impact of the rules on small business:
In this EIS, ADEQ uses the term “small business” consistent with A.R.S. § 41-1001(21), which defines a “small business” as a concern, including its affiliates, which is independently owned and operated, which is not dominant in its field and which employs fewer than one hundred full-time employees or which had gross annual receipts of less than four million dollars in its last fiscal year.

1. An identification of the small business subject to the rules:
   Among the stakeholders listed above, only a few meet the definition of small business as set forth in A.R.S. § 41-1001(21). For example, ADEQ estimates that all three current UIC permit holders in Arizona are not small businesses. However, ADEQ has recorded with frequency around 1,000 drywell registrations annually. Drywells will be regulated under the Class V UIC program upon primacy. Small businesses will constitute a significant portion of the approximately 1,000 drywell inventories ADEQ expects annually upon primacy. In terms of UIC Class V drywell inventorying, some small businesses will be affected in a minimally negative manner by this rulemaking. However, the rulemaking intends to institute some UIC Class V inspections, including drywells, which could prove minimally beneficial to certain small businesses.

2. The administrative and other costs required for compliance with the rules:
   Compliance costs associated with this rulemaking will vary based on the stakeholder involved. ADEQ’s examination of compliance costs for UIC well owners regulated through a permit or an authorization by rule is addressed in the cost benefit analysis above.

3. A description of the methods that the agency may use to reduce the impact on small businesses, as required in A.R.S. § 41-1035:
   a. Establishing less stringent compliance or reporting requirements in the rule for small businesses:
      Under the SDWA, small businesses are not given special treatment when it comes to compliance or reporting requirements. In order to be eligible for EPA’s transfer of primary enforcement authority of the program from Federal to State, the Federal SDWA-UIC program must be at least as stringent as the Federal program.
   b. Establishing less stringent schedules or deadlines in the rule for compliance or reporting requirements for small businesses:
      Under the SDWA, small businesses are not given special treatment when it comes to the stringency of schedules or deadlines for compliance and reporting. Please reference subsection (F)(3)(a) above for more explanation.
   c. Consolidating or simplifying the rule’s compliance or reporting requirements for small businesses:
      Under the SDWA, small businesses are not given special treatment when it comes to compliance and reporting requirements. Please reference subsection (F)(3)(a) above for more explanation.
   d. Establishing performance standards for small businesses to replace design or operational standards in the rule:
      Under the SDWA, small businesses are not given special treatment when it comes to design or operational standards. Please reference subsection (F)(3)(a) above for more explanation.
   e. Exempting small businesses from any or all requirements of the law:
      Under the SDWA, small businesses are not given special treatment when it comes to requirements. Please reference subsection (F)(3)(a) above for more explanation.

4. The probable costs and benefits to private persons and consumers who are directly affected by the rules:
   As is stated above in this EIS, the SDWA-UIC program is currently in effect, administered by the Federal government’s EPA. This rulemaking is designed to support the primary enforcement authority or primacy application ADEQ has been mandated to pursue according
to A.R.S. §§ 49-203(A)(6) and 49-257.01. The existing regulated parties in Arizona include three UIC Class III permittees and tens of thousands of UIC Class V wells (mostly drywells). Also stated above is the disparity in funding mechanisms between EPA’s current administration of the program and ADEQ’s proposed funding mechanisms in administration (EPA: General Fund based; ADEQ: Fee-For-Service based). Despite the new fees associated with Arizona’s potential primacy, the state’s UIC stakeholders have shown support for ADEQ’s primacy pursuit. The reason for their support is the consolidation of Federal and state regulatory obligations into one, localized state program. The benefits to these private entities include the elimination of the necessity to file dual applications, to comply with dual regulatory programs, to file a dual set of ongoing reports and to pay for consulting costs for dual permits. Further benefits include the local access to ADEQ’s expertise, personnel and customer service, a streamlined permitting process, and a reduction in cost through the elimination of duplicative regulation between Federal and state programs.

UIC applicants and permittees will be subject to a water quality protection service fee of $145 an hour for application review, permit writing and other, similar services. The maximum fee for a single licensing time frame for UIC Area and Classes I, II, III and V permits are set at $200,000. UIC Area and Classes I, II, III and V permit modification and/or permit renewal are set at a maximum of $150,000. UIC Class VI permits maximum fee proposal is “no max”. The reason why no maximum fee has been proposed for UIC Class VI is because of its complicated and unknown nature. Arizona does not have any Class VI carbon sequestration wells and the entire country only has a few in operation. ADEQ believes there is no basis for proposing a maximum on UIC Class VI wells at this time.

UIC permittees will be subject to Annual and Flat Fees, which were determined by considering the necessary revenue needed to support the administration of the program while putting the least burden possible on the stakeholders. Other factors include input from the APP program, other states’ UIC programs and directly affected stakeholders.

Drywell regulation in Arizona will be transitioned from a state statutorily based regulatory program to regulation under the UIC program’s Class V wells. Arizona’s more than 65,000 registered drywells will be transitioned into the UIC Class V well inventory without a charge. However, there will be a cost increase between new drywell registration fees associated with the state statutory program and new inventory fees in the state-administered UIC program. Registration fees are $100 per registration, where inventory fees will be $200 per inventory. The reason for this increase is to supplement the funds necessary to support the administration of the Class V portion of the UIC program, including the commencement of more regular inspection of high-risk drywells in Arizona. A condition of EPA granting ADEQ primacy to administer the UIC program is the inspection of a small portion of the UIC Class V wells in the state. In order to meet this requirement, ADEQ has increased the fee required to inventory a drywell in the state.

In discussion with UIC stakeholders, it was determined that a review of the revenues collected from the UIC program’s fees should take place once every three years in order to ensure that enough revenue is being collected to properly administer the program and to that the fees are equitable by putting the least amount of burden on the stakeholders. To that end, R18-14-115 is proposed in this rulemaking.

G. A statement of the probable effect on state revenues:
This rulemaking will not result in a significant increase, nor decrease in state revenues. Increased and decreased costs to ADEQ are expected to be minimal, as explained above in the analysis of costs and benefits to ADEQ. Because the UIC permittees in Arizona were permitted through the UIC program as administered by the EPA, ADEQ does not anticipate a significant decrease in business activity in the state or a corresponding loss of state tax revenues.
H. A description of any less intrusive or less costly alternative methods of achieving the purpose of the rulemaking:
The purpose of this rulemaking is to adopt the SDWA-UIC program in Arizona rule in order to lay the groundwork for state administration of the program as required by the legislature through A.R.S. §§ 49-203(A)(6) and 49-257.01. There are no less intrusive or less costly alternative methods of achieving the purpose of the rulemaking.

I. A description of any data on which the rule is based with a detailed explanation of how the data was obtained and why the data is acceptable data:
The SDWA allows states to apply for primary enforcement authority in the administration of the UIC regulatory program (see 42 United States Code 300h et seq.). The Arizona legislature mandated pursuit of the SDWA-UIC program through the passage of the following statutes, A.R.S. §§ 49-203(A)(6) and 49-257.01. In order to achieve primacy, one requirement of a state is to put rules in place for the program to operate through (see 40 Code of Federal Regulations 145.22(a)(5)). These rules must be at least as stringent as the Federal UIC program rules in order for EPA to consider a state’s primacy application. The rules must also be no more stringent than the analogous Federal rule, per Arizona state law (see A.R.S. § 49-104(16)). Given those parameters, the language for the rules in this rulemaking came largely from 40 CFR Parts 144, 145 and 146 and to a lesser extent, 40 CFR Parts 124, 141 and 142.

10. A description of any changes between the proposed rulemaking, including supplemental notices, and the final rulemaking:
R18-14-111(3)
- This is a new subsection that was added in order to accommodate a transferability function for UIC Class V wells authorized by rule and to follow the general fee structure of the state drywell program. The language charges $100 for each well transferred from one owner to another.

11. An agency’s summary of the public or stakeholder comments made about the rulemaking and the agency response to the comments:
Comment 1: Resource Extraction Industry Member
Proposed R18-14-115 should be revised to replace the words "from the date of primacy" with the words "from the date of the Environmental Protection Agency's approval of the Arizona UIC program." This is unless ADEQ prefers to define "primacy" as such in A601 and employ that term likewise in A602(A). In these provisions, ADEQ may also wish to employ the words "the Administrator" in lieu of "the Environmental Protection Agency."
ADEQ Response 1:
ADEQ appreciates the comment.

Comment 2: Drywell Owners – UIC Drywell Regulation
How will the UIC program rulemaking affect drywell regulation in Arizona? Will the existing registrations be rolled in the new UIC program? If rolled into the new UIC program, will the regulations look the same/similar as they are now for the Class V wells? Upon primacy, will drywell owners with registrations under A.R.S. § 49-332 need to inventory under the UIC program? Are Dry Wells included in a Class? If so, which Class are they included in? Under the UIC program, will drywells be assessed an annual fee or a one-time fee?
ADEQ Response 2:
ADEQ appreciates the comment. Currently, drywells in Arizona are regulated primarily through a statutorily-based program that can be found at A.R.S. Title 49, Chapter 2, Article 8. This program requires registration of new drywells. There are a few special circumstances where drywells are required to register and apply for an Aquifer Protection Permit (APP) (see A.A.C. Title 18, Chapter 9, Article 3, Part C. Type 2 General Permits – specifically R18-9-C301, C303 & C304).
In 2022, the Arizona State Legislature passed a bill (signed by the Governor) which repeals the state statutory drywell program. The repealed state statutory drywell program leaves drywell regulation in Arizona to the UIC program. The UIC program regulates drywells as part of its Class V wells. Upon primacy over the UIC program (projected for early 2023), ADEQ would take administrative control from EPA over the program and the drywell regulation therein. Until primacy, the Environmental Protection
Agency (EPA) will continue to administer the UIC program in Arizona (including drywells which are encompassed in the Class V wells).
ADEQ is currently developing the UIC program and aims to transfer all state drywell registrations into the UIC program inventory in the process (free of charge). More information on this process will be made public as program development continues.
Class V regulations in the UIC program that are currently in effect and administered by EPA out of the Code of Federal Regulations (CFR) are nearly identical to the Class V regulation in this rulemaking. Similar to the regulation in A.R.S. Title 49, Chapter 2, Article 8, the Class V regulation wherein drywells apply requires an inventory of new wells. Class V regulation also requires drywells to adhere to the prohibition of movement standard in rule R18-9-B608(A). This rule prohibits any injection activity in a manner that allows the movement of fluid containing any contaminant into an underground source of drinking water. The Class V-specific regulation can be found at R18-9-I650 et seq.
Under the Arizona UIC program, drywells and Class V wells are charged a one-time fee, per inventory, of $200. Class V wells, authorized by rule, will also be charged $100 upon transfer of the well to a new owner.

Comment 3: Tribal Interest Group
ADEQ has stated that it intends for the UIC Program to be almost entirely funded through collected permit fees. For many years, ADEQ has suffered from deficient state funding. ADEQ should not be pursuing UIC Program primacy without asking for sufficient funding from the Arizona Legislature. This is critical, as sufficient funding and adequate ADEQ workforce expertise must be present for ADEQ to fulfill its obligations under this Program, as well as its obligations to Arizona tribes.

ADEQ Response 3:
ADEQ appreciates the comment. The Arizona UIC program is proposed to operate on a fee-for-service model that derives funding from diverse sources of revenue, which includes fixed annual fees, well installation fees, an hourly fee for application and technical reviews, and an annual work grant from EPA. The Annual Fees (listed in the UIC Licensing Time Frame proposed rules at Tables 3.1 and 3.2, R18-14-104) and the UIC Flat Fees (listed in proposed rule R18-14-111) were determined by considering the necessary revenue needed to support the administration of the program. Projected revenue will be augmented by an increase in the hourly rate for a UIC water quality protection service associated with a UIC permit, which has been set at $145 an hour in proposed rule R18-14-102(B). Furthermore, ADEQ has proposed in the Fee rulemaking the periodic review of the revenues collected from the UIC program every three years (see proposed rule R18-14-115). The reviews will ensure that enough revenue is being collected to properly administer the program. The reviews will also ensure that the fees are equitable and not overly burdensome to the stakeholders.

12. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

  a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:
  See Subsection 12(A) in the Notice of Proposed Rulemaking for Title 18, Chapter 9, Article 6 filed alongside this Notice of Proposed Rulemaking.

  b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:
  Federal law is applicable to the UIC program. The UIC is a program authorized under the SDWA (see 42 U.S.C. § 300h et seq.), originally administered by EPA. The UIC program administration can be transferred from EPA to a state through a delineated process known as Primacy (see 42 U.S.C. § 300h-1). However, the addition of fees to 18 A.A.C. 14 has no applicable federal law.

  c. Whether a person submitted an analysis to the agency that compares the rule’s impact of the competitiveness of business in this state to the impact on business in other states:
  No comparative analyses were submitted.
13. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:
   No material was incorporated by reference in this rulemaking under A.R.S. § 41-1028, nor otherwise.

14. Whether the rule was previously made, amended, or repealed as an emergency rule. If so, cite the notice published in the Register as specified in R1-1-409(A). Also, the agency shall state where the text was changed between the emergency and the final rulemaking packages:
   Not applicable.

15. The full text of the rules follows:

   TITLE 18. ENVIRONMENTAL QUALITY
   CHAPTER 14. DEPARTMENT OF ENVIRONMENTAL QUALITY
   WATER QUALITY PERMIT AND COMPLIANCE FEES

   ARTICLE 1. WATER QUALITY PROTECTION FEES

   Section
   R18-14-101. Definitions
   R18-14-102. Hourly Rate and Maximum Fees for Water Quality Protection Services
   R18-14-103. Initial Fees
   R18-14-104. Annual Fees for Water Quality Protection Services
   R18-14-105. Fee Assessment and Collection
   R18-14-106. Reconsideration of a Bill; Appeal Process
   R18-14-107. Effect on County Fees
   R18-14-108. APP Water Quality Protection Services Flat Fees
   R18-14-109. AZPDES Water Quality Protection Services Flat Fees
   R18-14-110. Reclaimed Water Flat Fees
   R18-14-111. UIC Flat Fees
   R18-14-111. R18-14-112. Other Flat Fees
   R18-14-112. R18-14-113. Implementation
   R18-14-115. UIC Fees Review
ARTICLE 1. WATER QUALITY PROTECTION FEES

R18-14-101. Definitions

In addition to the definitions in A.R.S. §§ 49-201, 49-241.02, 49-255, 49-331, and A.A.C. R18-9-101, A.A.C. R18-9-701, and A.A.C. R18-9-A901, the following terms apply to this Article:

1. “APP” means an Aquifer Protection Permit.
2. “Complex modification” means:
   a. A revision of an individual Aquifer Protection Permit for a facility within a mining sector as defined in A.R.S. § 49-241.02(F)(1); and
   b. A revision of an individual Aquifer Protection Permit for a facility within a non-mining sector due to any of the following:
      i. An expansion of an existing pollutant management area requiring a new or relocated point of compliance
      ii. A new subsurface disposal including injection or recharge, or new wetlands construction;
      iii. Submission of data indicating contamination, or identification of a discharging facility or pollutants not included in previous applications that requires reevaluation of BADCT; or
      iv. Closure of a facility that cannot meet the clean closure requirements of A.R.S. § 49-252 and requires post-closure care, monitoring, or remediation.
3. “Courtesy review” means a design review service that the Department performs within 30 days from the date of receiving the submittals, of the 60 percent completion specifications, design report, and construction drawings for a sewage collection system.
4. “Priority review” means a design review service for an APP Type 4 permit application that the Department completes using not more than 50 percent of the total review time-frame for the applicable Type 4 permit application as specified in 18 A.A.C. 1, Table 10.
5. “Request” means a written application, notice, letter, or memorandum submitted by an applicant to the Department for water quality protection services. The Department considers a request made on the date it is received by the Department.
6. “Review hours” means the hours or portions of hours that the Department’s staff spends on a request for a water quality protection service. Review hours include the time spent by the project manager and technical review team members, and if requested by the applicant, the supervisor or unit manager.
7. “Review-related costs” means any of the following costs applicable to a specific request for water quality protection service:
   a. Presiding officer services for public hearings on a permitting decision,
   b. Court reporter services for public hearings on a permitting decision,
   c. Facility rentals for public hearings on a permitting decision,
   d. Charges for laboratory analyses performed during the review, and
   e. Other reasonable and necessary review-related expenses documented in writing by the Department and agreed to by an applicant.
8. “Standard modification” means an amendment to an individual Aquifer Protection Permit that is not a complex modification.
10. “Water quality protection service” means:
   a. Reviewing a request for an APP determination of applicability;
   b. Issuing, renewing, amending, modifying, transferring, or denying an aquifer protection permit, an AZPDES permit, a UIC permit, a UIC application for an aquifer exemption or an injection depth waiver or a reclaimed water permit;
   c. Reviewing supplemental information required by a permit condition, including closure for an APP;
   d. Performing an APP clean closure plan review;
   e. Issuing or denying a Certificate of Approval for Sanitary Facilities for a Subdivision;
   f. Registering or transferring registration of a dry well;
   g. Conducting a site visit;
   h. Reviewing proprietary and other reviewed products under A.A.C. R18-9-A309(E);
   i. Reviewing, processing, and managing documentation related to an AZPDES general permit, including a notice of intent, notice of termination, certificate of no exposure, and waiver;
   j. Registering and reporting land application of biosolids; or
k. Pretreatment program review, inspection, or audit.

R18-14-102. Hourly Rate and Maximum Fees for Water Quality Protection Services

A. The Department shall assess and collect an hourly rate fee for a water quality protection service, except for APP minor permit amendments specified under A.A.C. R18-9-A211(C)(1), (2) and (3) and A.A.C. R18-9-B906(B), unless a flat fee is otherwise designated in this Article, and UIC minor modifications specified under A.A.C. R18-9-C633(A).

B. Hourly rate fees. The Department shall calculate the fee using an hourly rate of $122, except for the UIC program, where the Department shall calculate the fee using an hourly rate of $145. These rates shall then be multiplied by the number of review hours to provide a water quality protection service, plus any applicable review-related costs, up to the maximum fee specified in subsection (C). The Department shall not charge an applicant for the first 60 minutes of Department pre-application consultation time costs for the project manager.

C. Maximum fees for a water quality protection service assessed at an hourly rate are as follows:

Table 1. Maximum Fees

<table>
<thead>
<tr>
<th>Program Area</th>
<th>Permit Type</th>
<th>Maximum Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>APP</td>
<td>Individual or area-wide</td>
<td>$200,000</td>
</tr>
<tr>
<td>APP</td>
<td>Complex modification to individual or area-wide</td>
<td>$150,000</td>
</tr>
<tr>
<td>APP</td>
<td>Clean closure of facility</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

APP

For an APP issued before July 1, 2011, the fee for a submittal required by a compliance schedule is assessed per submittal and cumulative up to the maximum fee. The applicable maximum fee for all compliance schedule submissions shall be according to one of the three maximum fee categories listed below. The maximum fee is for the lifetime of the APP unless a new compliance schedule is established in the APP due to a modification that is classified as both a significant amendment under A.A.C. R18-9-A211(B) and a complex modification under R18-14-101(2).

- For a permit with a compliance schedule where one or more submissions require a permit modification that requires a determination or reevaluation of BADCT, the fee is assessed as described above for each standard modification, with a $150,000 fee.
maximum fee for the permit’s entire compliance schedule of:
- For a permit with a compliance schedule where one or more submissions require a permit modification, but no determination or reevaluation of BADCT is required, the fee is assessed as described above for each standard modification, with a maximum fee for the permit’s entire compliance schedule of:
- For a permit with a compliance schedule requiring one or more submissions that require ADEQ review but do not require a permit modification, the maximum fee for the permit’s entire compliance schedule is:

<table>
<thead>
<tr>
<th>APP</th>
<th>For an APP issued on or after July 1, 2011, the fee for a submittal required by a compliance schedule is assessed per submittal and cumulative up to the maximum fee for the lifetime of the APP</th>
<th>$100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>APP</td>
<td>Determination of applicability</td>
<td>$15,000</td>
</tr>
<tr>
<td>APP</td>
<td>Reviewing proprietary and other reviewed products under A.A.C. R18-9-A309(E)</td>
<td>$15,000</td>
</tr>
<tr>
<td>AZPDES</td>
<td>Individual permit for municipal separate storm sewer system</td>
<td>$40,000</td>
</tr>
<tr>
<td>AZPDES</td>
<td>Individual permit for wastewater treatment plant (based on gallons of discharge per day)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- 3,000 to 99,999</td>
<td>$15,000</td>
</tr>
<tr>
<td></td>
<td>- 100,000 to 999,999</td>
<td>$20,000</td>
</tr>
<tr>
<td></td>
<td>- 1,000,000 to 9,999,999</td>
<td>$30,000</td>
</tr>
<tr>
<td></td>
<td>- 10,000,000 or more</td>
<td>$50,000</td>
</tr>
<tr>
<td>AZPDES</td>
<td>Individual permit for a facility or activity that is not a wastewater treatment plant or a municipal separate storm sewer</td>
<td>$30,000</td>
</tr>
<tr>
<td>AZPDES</td>
<td>Amendment to an individual permit</td>
<td>$12,500</td>
</tr>
<tr>
<td>AZPDES</td>
<td>Approval of a new or revised pretreatment program under AZPDES</td>
<td>$10,000</td>
</tr>
<tr>
<td>AZPDES</td>
<td>Consolidated individual permit for multiple AZPDES individual permits, as allowed under A.A.C. R18-9-B901(C)</td>
<td>Aggregate of the applicable maximum fees</td>
</tr>
<tr>
<td>Reclaimed</td>
<td>Reclaimed water individual permit</td>
<td>$32,000</td>
</tr>
<tr>
<td>UIC</td>
<td>Area</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Area Modification / Renewal</td>
<td>$200,000</td>
</tr>
<tr>
<td></td>
<td>Classes I, II, III, V Individual</td>
<td>$150,000</td>
</tr>
<tr>
<td></td>
<td>Classes I, II, III, V Modification / Renewal</td>
<td>$200,000</td>
</tr>
<tr>
<td></td>
<td>Classes VI Individual</td>
<td>No Max</td>
</tr>
<tr>
<td></td>
<td>Classes VI Modification</td>
<td>No Max</td>
</tr>
</tbody>
</table>

**R18-14-104. Annual Fees for Water Quality Protection Services Subject to Hourly Rate Fee**

A. Annual Registration Fees. The annual registration fee required under A.R.S. § 49-242 is in Table 2:

**Table 2. APP Annual Registration Fees**

<table>
<thead>
<tr>
<th>Discharge or Influent per Day under the Individual APP or Notice of Disposal (in Gallons)</th>
<th>Annual Registration Fee</th>
<th>Annual Registration Fee if New Facility Under New APP Not Yet Constructed</th>
</tr>
</thead>
</table>


B. The Department shall assess an annual fee for an AZPDES-related water quality protection service subject to an hourly rate fee as listed in Table 3:

Table 3.  **AZPDES Annual Registration Fees**

<table>
<thead>
<tr>
<th>Permit Type</th>
<th>Annual Fee</th>
<th>Annual Fee if New Facility Under New AZPDES Not Yet Constructed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal separate storm sewer system</td>
<td>$10,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Wastewater treatment plant (based on gallons of discharge per day):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Less than 99,999</td>
<td>$250</td>
<td>$250</td>
</tr>
<tr>
<td>- 100,000 to 999,999</td>
<td>$500</td>
<td>$500</td>
</tr>
<tr>
<td>- 1,000,000 to 9,999,999</td>
<td>$2,500</td>
<td>$625</td>
</tr>
<tr>
<td>- 10,000,000 or more</td>
<td>$4,000</td>
<td>$750</td>
</tr>
<tr>
<td>Facility or activity that is not a wastewater treatment plant or municipal separate storm sewer and designated in the permit as either:</td>
<td>$2,500</td>
<td>$625</td>
</tr>
<tr>
<td>- Major</td>
<td>$500</td>
<td>$500</td>
</tr>
<tr>
<td>- Minor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pretreatment program</td>
<td>$3,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Consolidated individual permit for multiple AZPDES individual permits, as allowed under A.A.C. R18-9-B901(C)</td>
<td>Aggregate of the applicable annual fees of each individual permit</td>
<td>Aggregate of the applicable annual fees of each individual permit</td>
</tr>
</tbody>
</table>

C. The Department shall assess an annual fee of $500 for an individual reclaimed water permit.

D. The Department shall assess an annual fee and an annual waste disposal fee as applicable to UIC regulated facilities, subject to an hourly rate fee, as listed in Tables 3.1 and 3.2:

Table 3.1. **UIC Annual Fees**

<table>
<thead>
<tr>
<th>Permit Type</th>
<th>Annual Registration Fee</th>
<th>Annual Waste Disposal Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area</td>
<td>$10,000 (and not subject to any other annual registration fee in Tables 3.1 and 3.2)</td>
<td>N/A</td>
</tr>
<tr>
<td>Class I</td>
<td>No Annual Registration Fee</td>
<td>$0.002/gallon. Minimum Fee: $10,000/year Maximum Fee: $25,000/year</td>
</tr>
<tr>
<td>Class II</td>
<td>See Table 3.2</td>
<td>N/A</td>
</tr>
<tr>
<td>Class III</td>
<td>See Table 3.2</td>
<td>N/A</td>
</tr>
<tr>
<td>Class V “Individual”</td>
<td>See Table 3.2</td>
<td>N/A</td>
</tr>
<tr>
<td>Class VI</td>
<td>No Annual Registration Fee</td>
<td>$0.08/ton Minimum Fee: $10,000/year</td>
</tr>
</tbody>
</table>
Table 3.2. UIC Annual Registration Fees

<table>
<thead>
<tr>
<th>Design Injection Flow Rate in Gallons per day</th>
<th>Annual Registration Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,000 to 9,999</td>
<td>$600</td>
</tr>
<tr>
<td>10,000 to 99,999</td>
<td>$1,200</td>
</tr>
<tr>
<td>100,000 to 999,999</td>
<td>$3,000</td>
</tr>
<tr>
<td>1,000,000 to 9,999,999</td>
<td>$7,000</td>
</tr>
<tr>
<td>10,000,000 or more</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

1. A Class II, III or V Individual UIC permittee with multiple wells or multiple permits may consolidate their same-class wells for the purpose of “design injection flow rate in gallons per day” under Table 3.2.
2. An Area permit is not subject to Table 3.2.

R18-14-111. UIC Flat Fees
The Department shall assess a flat fee for the following UIC regulated facility services:
1. Well installation in an Area Permit, $200 per well installation.
2. Class V authorization by rule, $200 per well inventory.
3. Class V authorization by rule, $100 per well transfer.

R18-14-112. Other Flat Fees
Flat fees. The Department shall assess a flat fee for the following water quality protection services:
1. Dry well registration, $100 per dry well until:
   a. The fees in R18-14-111 are applicable, and
   b. A.R.S Title 49, Chapter 2, Article 8 is removed.
2. Dry well transfer of registration, $50 per transfer until:
   a. The fees in R18-14-111 are applicable, and
   b. A.R.S Title 49, Chapter 2, Article 8 is removed.
   a. Subdivision with public sewerage system: $800 for every increment of 150 lots or less;
   b. Subdivision with individual sewerage system:
      i. $500 for less than 10 lots;
      ii. $1,000 for greater than 10 lots but less than 50 lots;
      iii. $1,000 for each additional increment of 50 lots or less.
   c. If water from a central system is not provided to the lot, the fee is one and one-half the applicable fee stated in subsection (3)(a) or (b).
   d. Condominium subdivision: $1,000 for every increment of 150 units or less.

R18-14-112. Implementation
The fees in this Article apply on July 1, 2011. For fees related to the AZPDES program:
1. A person shall submit the applicable fee when requesting a water quality protection service as specified in an AZPDES General Permit or in 18 A.A.C. 9, Article 9; and
2. A person is responsible for paying the annual fee for an AZPDES general permit, even if the person filed for coverage before the effective date of these rules.

R18-14-113. Annual Report
By December 1 of each year, the Department shall publish an accounting of Water Quality Fee Fund revenue and expenditure activity for the prior fiscal year.

R18-14-115. UIC Fees Review
The department shall review the revenues derived from the implementation of the UIC program from the date of primacy through June 30, 2025. By September 30, 2025, the department shall determine the adequacy of the fees in comparison to the relevant data from the time period. The department shall repeat the review every three years based on the initial review date of June 30, 2025.