

AGENCY RECEIPT
NOTICE OF PROPOSED RULEMAKING

SECRETARY OF STATE

2023 APR -7 AM 9:37

FILED

1. **Agency name:** Arizona Department of Environmental Quality

2. **The Subchapters, if applicable; the Articles; the Parts, if applicable; and the Sections involved in the rulemaking, listed in alphabetical and numerical order:**

<u>Article, Part, or Section Affected</u>	<u>Rulemaking Action</u>
R18-14-101	Amend
R18-14-102	Amend
Table 1	Amend
R18-14-103	Amend
R18-14-104	Amend
Table 2	Amend
Table 3	Amend
R18-14-105	Amend
R18-14-108	Amend
Table 4	Amend
Table 5	Amend
R18-14-109	Amend
Table 6	Amend
R18-14-110	Amend
Table 7	Amend
R18-14-111	Amend
R18-14-112	Amend
R18-14-202	Amend
Table 1	Amend
R18-14-301	Amend

AGENCY CERTIFICATE
NOTICE OF PROPOSED RULEMAKING

- 1. **Agency name:** Arizona Department of Environmental Quality
- 2. **Chapter heading:** Department of Environmental Quality – Permit and Compliance
- 3. **Code citation for the Chapter:** 18 A.A.C. 14
- 4. **The Subchapters, if applicable; the Articles; the Parts, if applicable; and the Sections involved in the rulemaking, in numerical order:**

<u>Article, Part, or Section Affected</u>	<u>Rulemaking Action</u>
R18-14-101	Amend
R18-14-102	Amend
Table 1	Amend
R18-14-103	Amend
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Table 5	Amend
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Table 6	Amend
R18-14-110	Amend
Table 7	Amend
R18-14-111	Amend
R18-14-112	Amend
R18-14-202	Amend
Table 1	Amend
R18-14-301	Amend

5. **The rules contained in this package are true and correct as proposed:**

6. 
Signature of Agency Chief Executive Officer in ink

4/6/23
Date signed

Karen Peters

Director, ADEQ

Printed or typed name of signer

Title of signer

NOTICE OF PROPOSED RULEMAKING

2023 APR -7 AM 9:37

TITLE 18. ENVIRONMENTAL QUALITY

CHAPTER 14. DEPARTMENT OF ENVIRONMENTAL QUALITY
PERMIT AND COMPLIANCE FEES

FILED

PREAMBLE

<u>1. Articles, Parts, or Sections Affected (as applicable)</u>	<u>Rulemaking Action</u>
R18-14-101	Amend
R18-14-102	Amend
Table 1	Amend
R-18-14-103	Amend
R-18-14-104	Amend
Table 2	Amend
Table 3	Amend
R18-14-105	Amend
R18-14-108	Amend
Table 4	Amend
Table 5	Amend
R18-14-109	Amend
Table 6	Amend
R18-14-110	Amend
Table 7	Amend
R18-14-111	Amend
R18-14-112	Amend
R18-14-202	Amend
Table 1	Amend
R18-14-301	Amend

2. Citations to the agency's statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific):

Authorizing statutes: A.R.S. §§ 49-104(C)(1), 49-210, 49-241, 49-242

Implementing statutes: A.R.S. §§ 49-211, 49-241.02, 49-242(E), 49-255.01(J), 49-352(A), 49-353(A)(2), 49-361

3. Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the proposed rule:

Notice of Rulemaking Docket Opening: 29 A.A.R. [0000], April 21, 2023

4. The agency's contact person who can answer questions about the rulemaking:

Name: David Lelsz, Ph.D.
Address: Arizona Department of Environmental Quality
1110 W. Washington St.
Phoenix, AZ 85007
Telephone: (602) 771-4651
E-mail: lelsz.david@azdeq.gov

5. An agency's justification and reason why a rule should be made, amended, repealed, or renumbered, to include an explanation about the rulemaking:

Summary.

This proposed rule would increase water quality protection fees as authorized by House Bill (HB) 2406 during the 2022 legislative session. The Arizona Department of Environmental Quality (ADEQ) last increased water quality permit fees in 2011 (17 A.A.R. 568) and the fees for Operator Certification in 2016 (21 A.A.R. 2597). This proposed rule would increase the water quality protection fees for the aquifer protection permits (APP), reclaimed water permits, drinking water engineering review, the Arizona Pollutant Discharge Elimination System permits (AZPDES) programs, and the Underground Injection Control (UIC) permit program, as well as the operator certification program. This rule would increase the fees to address the direct and indirect costs of ADEQ's relevant water quality protection duties, including employee salaries and benefits, professional and outside services, equipment, travel, and other necessary operational expenses directly related or associated with these permits and the enforcement of the programs. In addition, ADEQ proposes to amend some fee requirements for water quality protection services. Without increasing fees, it will become increasingly difficult for ADEQ to administer and enforce the federal Clean Water Act (CWA) and Safe Drinking Water Act (SDWA), which protect human health and the environment. Improper implementation or enforcement of these statutes could result in the federal government revoking Arizona's primary implementation and enforcement authority within its jurisdiction (primacy) and the U.S. Environmental Protection Agency (EPA)

becoming the primary regulator in Arizona. These proposed fees will have an annual adjustment by Consumer Price Index (CPI).

Background.

Water Quality fees have not been adjusted since 2011 and Operator Certification fees have not been adjusted since 2016. The Water Quality Division (WQD) faces a 11.9 million-dollar structural deficit relative to WQD's costs. Without remedy, this deficit will impact ADEQ's long term ability to effectively implement state and federal water quality programs. Without additional revenue, ADEQ will be unable to address the findings of the 2021 Auditor General's Report of ADEQ's Water Quality Protection Responsibilities.

ADEQ is currently experiencing an annual budgetary shortfall of revenue for its WQD. The current fee approach assumes that WQD's permitting and permit support programs would be self-sustaining through permit fees. However, WQD annually requires an influx of revenue from non-fee income to cover its costs. In addition, the WQD has many other required program responsibilities that don't fit into the fee-for-service model. Even with the influx of non-fee income, the WQD does not have sufficient income to meet all federal and state obligations. The Division has estimated a \$11.9 million gap for fiscal year (FY) 24. The amended fees included in this rulemaking would raise about \$2.8 million to help close that gap. Other means are being pursued to close the remaining gap in an effort to minimize the burden on the regulated community.

As noted above, the additional revenue is necessary to address the 2021 Auditor General's Report. The Auditor General found that the "Department has not developed all required aquifer water quality standards, conducted key ongoing groundwater monitoring of the State's aquifers, monitored for agricultural pesticides in groundwater and surrounding soil, or reduced the number of impaired surface waters in the State, limiting its ability to keep these waters safe from pollution." In addition, inflation has increased roughly 43% since the last adoption of water fees, and 34% since the inception of Operator Certification fees. Without the additional revenue ADEQ will be unable to address the Auditor General's findings or maintain current levels of performance due to inflation.

ADEQ was granted authority through HB 2406 in the 2022 legislative session to update fees for multiple water programs. Programs fees that will be included in this rulemaking are the CWA, the SDWA, UIC, and the APP in Arizona Administrative Code (A.A.C.) Title 18, Chapter 14, Articles 1, 2, and 3. Adjustments in fees will correspond to only what is necessary for

implementing existing federal and state programs and be restricted to the increase in costs due to inflation since the inception of the relevant fees.

Adjusting these fees will allow ADEQ to better protect human health and safety, including supporting the resolution of the following pressing water quality issues: 30 drinking water systems in the State that are serving drinking water exceeding the federal health standards; and over 50 wastewater systems that are operating out of compliance with State statute. This approach will also allow ADEQ to increase our inspection frequency, maintain our ability to issue environmentally protective permits and maintain the improvements we have made in our permitting time frames all while protecting vital surface and groundwater sources of drinking water.

ADEQ approached stakeholders in September and October 2022 with the prospect of an adjustment to water permitting and Operator Certification fees that would fully fund all Water Quality Programs, but would entail an increase to those fees that exceeded the costs due to inflation alone. The feedback ADEQ received was that while the need to fund those programs is vital the negative consequences of a dramatic increase in cost to our stakeholders would have deleterious impacts to their priorities. Feedback included concerns about the timing of the fee increase, its magnitude, and need to pass the cost of the increased fees on to customers and taxpayers. In addition, concerns were raised about the impact that an increase to Operator Certification fees would have on the professionals that operate important drinking water and wastewater infrastructure.

Explanation of Proposed Fee Increases

ADEQ uses the water quality fee fund (WQFF) to implement various water quality programs, such as APP, reclaimed water, AZPDES and the Operator Certification program. In FY23, and in previous years, this fund had to be supplemented with money from other sources to operate those programs. All flat fees, hourly fees, and maximum fees for all programs would increase by Consumer Price Index (CPI), and would continue to increase or decrease based upon CPI annually. Fees for Operator Certification would increase based upon CPI, with an annual increase or decrease based upon CPI as well.

Consumer Price Index Limit on Fee Increases

In response to stakeholder input, and in accordance with A.R.S. § 41-1008(A)(3), ADEQ has limited the increase in this proposed rule to the percentage of change in the average CPI as published by the United States Department of Labor, Bureau of Statistics between that figure for

2023 and the calendar year in which the last fee increase occurred: 2011 for permitting fees, and 2016 for operator certification fees. The CPI for any year is the average of the Consumer Price Index for All Urban Consumers, Phoenix-Mesa-Scottsdale, AZ, all items published by the United States Department of Labor, as of the close of the 12-month period ending on June 30 of that year, available at:

https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&series_id=CUURS48ASA0,CUUSS48ASA0. This CPI is a better representation of Arizona’s rapidly expanding economy and population than the national CPI. Accordingly, ADEQ proposes increasing fees for water quality protection services (Article 1) and public water system design review (Article 2) by approximately 43%, and certified operator fees (Article 3) by approximately 34%.

Annual CPI Adjustments

ADEQ proposes adjusting water quality service fees every August 1 to the nearest \$10 by multiplying by the CPI for the most recent year and dividing by the CPI for the base year (2023). Again, the CPI for any year is the average of the Consumer Price Index for All Urban Consumers, Phoenix-Mesa-Scottsdale, AZ, all items ending on June 30 of that year, available at:

https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&series_id=CUURS48ASA0,CUUSS48ASA0. There is about a two-week lag from the reference month (June) to the date on which the index is released by the Bureau of Labor Statistics, U.S. Department of Labor (that is, the CPI for June is released in mid-July). The first adjustment would occur on August 1, 2024.

Section by Section Explanation of Proposed Rules:

In order to make reasonable progress toward the goal of addressing water quality issues, ADEQ proposes the following amendments to 18 A.A.C. 14, Articles 1, 2 and 3:

Article 1

- | | |
|-----------------------|---|
| R18-14-101 | Amend the definition of “water quality protection service” to clarify it includes pre-application consultation for permits, as well as review of annual reports. |
| R18-14-102
Table 1 | Amend to increase hourly rate and maximum fees for water quality protection services (including APP, AZPDES, UIC, and reclaimed water permits), and adjust those fees annually by CPI. The proposed amendment also revises subsection (B) to eliminate the provision waiving the fee for the Department’s first hour of review. |

R18-14-103	Amend to eliminate the initial deposit requirement for water quality protection services subject to an hourly fee in subsection (B). The proposed amendment also removes subsection (C) to align with the Agency's review practice for water quality protection services requests.
R18-14-104 Table 2 Table 3	Amend to increase annual fees for water quality protection services subject to an hourly fee (including APP, AZPDES, UIC, and reclaimed water permits), and adjust those fees annually by CPI.
R18-14-105	Amend subsection (A) to align with the Agency's billing practice of providing total fees paid to date and maximum fees paid on an as requested basis. The proposed amendment also revises subsection (B) to align with the elimination of the initial deposit requirement for water quality protection services subject to an hourly fee in R18-14-103(B).
R18-14-108 Table 4 Table 5	Amend to increase APP water quality protection services flat fees (including Types 2, 3, and 4 general permits), and adjust those fees annually by CPI.
R18-14-109 Table 6	Amend to increase AZPDES water quality protection services flat fees (including initial and annual), and adjust those fees annually by CPI.
R18-14-110 Table 7	Amend reclaimed water general permit fees (including renewal), and adjust those fees annually by CPI.
R18-14-111	Amend to adjust UIC regulated facility services flat fees annually by CPI.
R18-14-112	Amend to eliminate flat fees for dry well registration and transfer of registration in subsections (1) and (2) as those facilities are subject to fees under the Underground Injection Control program. The proposed amendment also increases flat fees for certificate of approval for sanitary facilities and subdivisions, and adjusts those fees annually by CPI.
<u>Article 2</u>	
R18-14-202 Table 1	Amends to increase flat rate fees for design review services for public water systems (including priority review fees), and adjust those fees annually by CPI.
<u>Article 3</u>	
R18-14-301	Amends to increase certified operator fees (including certification or renewal), and adjust those fees annually by CPI.

Immediate Effective Date.

Pursuant to A.R.S. § 41-1032(A)(1), ADEQ intends to request an immediate effective date for these rules in order to preserve public safety and protect human health and the environment by ensuring necessary funding for water quality protection services. Delaying the effective date would put all water quality protection services, inspections and enforcement at risk, for all programs. Drinking water inspections would occur at less frequency potentially jeopardizing the health and safety of consumers.

6. 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:

ADEQ reviewed an Audubon Society study that addressed the Economic Impact of Arizona's Rivers, Lakes, and Streams, which can be found here: <https://www.audubon.org/economic-impact-arizonas-rivers-lakes-and-streams>

7. 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.

8. The preliminary summary of the economic, small business, and consumer impact:

The following discussion addresses each of the elements required for an economic, small business and consumer impact statement under A.R.S. § 41-1055.

Identification of the rulemaking: 18 A.A.C. 14, Articles 1, 2, and 3, amending R18-14-101 through R18-14-105, R18-14-108 through R18-14-110, and R18-14-112; R18-14-202; and R18-14-301; and their respective tables. These rules are designed to collect fees for water quality protection programs, which will go into the water quality fee fund (WQFF) - not to change the conduct of any regulated entities. The hourly fees, flat fees, and maximum fees would be increased throughout the noted articles. When ADEQ originally set its permitting fees in 2011 and its Operator Certification fees in 2016, those fees were based on conservative assumptions, including costs associated with the minimum level of staffing that ADEQ believed was necessary to implement the permitting, compliance and enforcement programs, effectively, efficiently, and within licensing time-frames. Though using the best available information at the time, the actual costs of implementing the above programs is more than originally projected. The fees collected through the hourly and flat fees did not raise the revenue needed to properly conduct those programs, and outside funding had to be secured.

ADEQ's goal in this rulemaking is to establish water quality protection fees that will help sustain those programs while avoiding disproportionate impact on any one group of stakeholders. The amended fees included in this rulemaking are projected to raise about \$2.8 million; however, these increased fees alone will be insufficient to cover the full cost of those programs. Consequently, other means are being pursued to close the remaining gap. No new fees are being proposed in this rulemaking

This rulemaking addresses the continued shortfall created by the elimination of the General Fund from ADEQ's budget in 2011 and the subsequent increase in program costs due to inflation, and includes increases to the following categories of fees:

- Hourly-based fees for individual permits or water quality protection services subject to variable review times;
- Flat fees for water quality protection services subject to predictable average times for review, such as for general permits;
- Annual fees to cover the costs of administering permit coverage; and
- Flat fees for operator certification.

Description of Water Quality Programs: ADEQ is responsible for developing permit programs for AZPDES, APP, UIC, and reclaimed water, as well as ensuring safe potable water for the public through (among other things) public water system design review and operator certification. *See* A.R.S. §§ 49-203(A)(2), (5), (6) and (7); and 49-351. These programs help protect human health and the environment by ensuring clean and safe water for consumption, recreational use, and agricultural use, among other things, through permitting, inspections, compliance, and enforcement of federal and state requirements. The permitting programs protect both surface water and groundwater through the issuance, management, and modification of permits that ensure pollutant limits are set at levels protective of human health and the environment. The safe drinking water program protects the drinking water for Arizonans, by conducting site inspections and monitoring for compliance. Complaints are investigated, and data involving compliance and/or noncompliance is compiled and tracked. Assistance for the regulated community is provided, and oversight is given when non-compliance events take place to ensure proper remediation.

Regulatory Universe: ADEQ's Water Quality Programs are responsible for protecting and enhancing public health and the environment by ensuring healthy drinking water in public water systems and by controlling current and future sources of surface and groundwater pollution.

ADEQ's Certified Operator program establishes guidelines to ensure that only certified operators make decisions about process control or system integrity that affect public health. The program establishes minimum standards for certification and recertification of the operators of drinking water and wastewater systems.

ADEQ currently regulates more than 450 facilities with Individual Aquifer Protection Permits with approximately 150 of these facilities also requiring an Individual AZPDES permit to allow for a safe surface water discharge. As many as 4,000 facilities require a Type 2, 3 or 4 general permit for the APP or reclaimed water programs; these are generally for smaller discharge volumes or activities not requiring extensive Departmental review. ADEQ issues approximately 100 to 150 Certificates of Sanitary Facilities per year for new housing subdivisions. ADEQ's stormwater program accounts for approximately 11,000 to 30,000 permits (Construction, Multisector, and De Minimis) at any time. In addition to ADEQ's own permitting program, all 15 Arizona Counties and some cities have delegated programs for issuing and inspecting on permitted facilities in their jurisdictions.

Current Appropriation: The budget required for the FY24 Water Quality Program is approximately \$19.2 million. The Program has operated at a deficit since the fees-related rulemakings in 2011. Without a fee increase, the fees ADEQ generates through the permitting and operator certification processes will only be approximately \$7.3 million. This rule is designed to help address the FY24 deficit, and allow for future, slower increases in fees through CPI. Again, while this fee rulemaking will not generate revenue sufficient to cover all necessary costs, an inflation adjusted fee increase is necessary and fair to all stakeholders.

Recent Implemented Efficiencies: ADEQ has continued to do more with fewer resources; despite the fact that ADEQ's budget is roughly \$64.8 million less than it was in 2008 (in FY08 dollars). ADEQ has reduced the average time to obtain an environmentally protective permit by 76%, while decreasing its workforce by 36%. The AZPDES program permit backlog is one of the lowest in the country. Under our Safe Drinking Water Act programs, 66% fewer systems are delivering water that does not meet federal limits, and 99.8% of Arizonan's are served healthy drinking water every day. While ADEQ continues to execute its mission with fewer resources, the current revenue flowing to Water Quality Fee Fund is insufficient to maintain those advances.

Regulatory Objective: ADEQ preserves and protects human health and the environment by establishing and implementing controls for current and future sources of ground and surface water pollution, ensuring safe and clean drinking water is provided by public water systems, and certifying operators of public water systems. *See* A.R.S. §§ 49-203(A)(2) (AZPDES permit

program); (A)(5) (APP permit program); (A)(6) (UIC permit program); and (A)(7) (permit program for the direct reuse of reclaimed water); 49-351 (potable water systems); 49-352 and 49-361 (operator certification).

EPA requires states to adopt programs that are at least as stringent as the federal CWA and SDWA programs in order to receive primary implementation and enforcement authority within its jurisdiction (primacy) for those programs. ADEQ must meet certain criteria and benchmarks to maintain primacy. If ADEQ is unable to adequately fund these programs, the EPA may step in and regain primary regulatory authority over these water quality programs. Most in the regulated community agree that ADEQ should implement the CWA and SDWA programs instead of EPA.

Resource Reduction Impacts: Without remedy, the WQFF deficit will impact ADEQ's long term ability to effectively implement state and federal water quality programs. For instance, this may impact ADEQ's inspection frequency as well as our ability to issue environmentally protective permits and maintain the improvements we have made in our permitting time frames all while protecting vital surface and groundwater sources of drinking water. Without additional revenue, ADEQ will be unable to address the findings of the 2021 Auditor General's Report of ADEQ's Water Quality Protection Responsibilities, including developing all required aquifer water quality standards, conducting key ongoing groundwater monitoring of the State's aquifers, monitoring for agricultural pesticides in groundwater and surrounding soil, or reducing the number of impaired surface waters within the State. Additionally, failure to adequately fund the CWA and SDWA programs could cause ADEQ to lose primacy of these programs and corresponding grant funds. If the programs revert back to EPA, Arizona would lose control over enforcement and permitting decisions, and EPA would become the main regulatory body for those programs.

Least burden and cost; description of alternatives: A.R.S. § 41-1052(D)(3) requires ADEQ to demonstrate it has selected the alternative with the least burden and cost necessary to achieve the underlying regulatory objective. Similarly, A.R.S. § 49-104(B)(17) requires that fees be "fairly assessed and impose the least burden and cost to the parties subject to the fees" and be based on "the direct and indirect costs of the department's relevant duties ... directly related to issuing licenses ... and enforcing the requirements of the applicable regulatory program." For this rulemaking, ADEQ interprets those requirements to mean collecting fee amounts that will help the Department provide clean water resources to communities within the State, and meet the objectives of protecting all waters from pollution. *See* A.R.S. §§ 49-203(A)(2) (AZPDES permit program); (A)(5) (APP permit program); (A)(6) (UIC permit program); (A)(7) (permit program for the direct reuse of reclaimed water); 49-351 (potable water systems); 49-352 and 49-361

(operator certification). ADEQ considers “fairly assessed” to mean that the amount of fees collected from any permittees or certified operators should not be disproportionate to the “direct and indirect costs” that can be attributed to those parties.

Alternatives: ADEQ has involved the regulated community in discussions regarding alternative fee increases. ADEQ considered a fee increase that would completely eliminate the annual deficit for the WQFF, but would cause stakeholders to internalize the full burden of the \$11.9 million deficit. The current proposed fee increase will impact the parties subject to fees in a fair and proportional way, however, it will not completely bridge the gap necessary to meet the budget shortfall.

ADEQ's goal in this rulemaking is to establish water quality protection fees that will help sustain the programs while avoiding disproportionate impact on any one group of stakeholders.

ADEQ has aggressively pursued federal grant opportunities, and used EPA grants to develop and maintain its regulatory programs. Notwithstanding aggressive budget reductions that resulted in loss of staff through reductions in force and layoffs, fee increases are necessary to help cover the cost to implement and administer the programs.

ADEQ's ability to raise revenue is limited by the powers and duties granted it through statute, specifically A.R.S. §§ 49-104(C) and 49-203(A)(8). While ADEQ can impose civil and criminal penalties of up to \$25,000 per day, both civil and criminal penalties obtained under an environmental enforcement action must be deposited in the General Fund (A.R.S. §§ 49-262(E) and 49-263(G)).

ADEQ considered the impact that a fee raise would have on the parties subject to the increases, and determined that the least amount of fees necessary to help the Department bridge the deficit would be fair and proportional to the parties impacted.

Cost/Benefit: The probable costs for this rule are the \$2.8 million in increased fees necessary for ADEQ to get closer to the \$11.9 million deficit needed to maintain the water quality programs. These costs would be primarily incurred by permittees - ranging from private and public waste water treatment plants to mining companies - and certified operators.

The probable benefits are:

- Ability to address the issues raised in the '21 Auditor General's Report: With the funding to address key permitting, compliance, and enforcement tasks allowed by the fee increase, ADEQ can turn its attention to the findings of the audit, including ambient

groundwater monitoring, agricultural pesticide monitoring, and addressing impaired surface waters.

- Maintain or improve our advances in providing drinking water that meets federal Standards: Under our Safe Drinking Water Act programs, 66% fewer systems are delivering water that does not meet federal limits, and 99.8% of Arizonan's are served healthy drinking water every day. Increased revenue will allow us to maintain and improve this performance.
- Maintain or improve our ability to issue environmentally protective permits, quickly: ADEQ has reduced the average time to obtain an environmentally protective permit by 76%, while decreasing its workforce by 36%. This includes the individual permit in the Aquifer Protection Permitting Program, Reclaimed water and Arizona Pollution Discharge Elimination System Permits programs. Increased revenue will allow to maintain and improve this efficiency.
- Ability of Arizona to implement the federal Clean Water Act program and federal Safe Drinking Water Act program: ADEQ obtained primacy for the AZPDES program in 2002, and primacy for safe drinking water systems in 1978, with federal approval for expansion of the initial programs in the years since. *See* 43 FR 38083; 67 FR 49916. If EPA were to subsume these programs due to lack of ADEQ's financial ability to operate them, there could be a time lag with no oversight of these programs. EPA does not have the bandwidth to expeditiously begin running a program that ADEQ has run for several decades. ADEQ maintaining primacy means that there will not be a delay in either reviewing or issuing permits, or inspecting and ensuring that permittees follow local, state, and federal rules that benefit Arizonans.
- ADEQ maintains control over non-compliance events: The CWA and SDWA have reporting requirements that permittees must follow. Because Arizona has primacy over those federal programs, facilities and operators have to submit required information to ADEQ for transmittal to EPA. This allows ADEQ to maintain a positive working relationship with the regulatory community, and monitor and quickly respond if the information provided by permittees shows a facility is in non-compliance and negatively impacting human health and the environment. If ADEQ was unable to provide this compliance assistance service, EPA would have to step in, causing delay in problem solving.

- Rulemaking oversight: Rules adopted by ADEQ currently go through the Governor's Regulatory Review Council and a stakeholder review process. When EPA adopts a new regulation, Arizona has the authority to review that regulation and determine whether to adopt it and incorporate it into its rules with or without tailoring the requirements to our unique circumstances. If the CWA and SDWA programs are reverted back to the EPA, Arizona would lose the ability to decide whether to adopt federal regulations; future EPA regulations would become effective in Arizona at the same time they become effective nationally.
- Outreach to regulated community: Throughout the year, ADEQ staff participates in numerous conferences and training seminars with the goal of educating the regulated community about ADEQ's water quality requirements and policies. These include providing updates to the community on new rules, and helping ensure compliance with permits. It is unlikely that EPA would participate in such events in Arizona.

For these reasons, ADEQ believes that the benefits exceed the cost.

Rules More Stringent than Corresponding Federal Law. While the CWA and SDWA are applicable to some of ADEQ's water quality programs, these federal laws do not relate to water quality fees.

Probable Impact on Political Subdivisions of this State Directly Affected by this Rulemaking: Political subdivisions represent approximately 40 percent of the individual water quality permitting universe and they will bear the greatest impact. This is because they own or operate facilities and/or conduct multiple activities requiring both APP and AZPDES permit coverage. Larger municipalities also typically own and operate multiple, more complex, and larger facilities. Smaller communities will likely be affected more so than large communities because they have a smaller population over which to spread the costs.

Many municipalities operate wastewater treatment facilities (WWTPs), which require various APP, AZPDES, and reclaimed water permits. Many municipalities also have reclaimed water permits. The typical municipality will also pay annual or renewal fees on most of these permits. For Articles 1 and 2 (water quality protection services and public water system design review, respectively), the fees will increase by a CPI adjustment of approximately 43%. For Article 3 (operator certification), the fees will increase by a CPI adjustment of approximately 34%. ADEQ has classified the increases as moderate for all parties impacted. The proposed fee increases do not fully fund the programs, but helps ADEQ minimize the deficit. While a less than CPI

adjusted increase would likely result in a minimal impact, the funds raised would also be insufficient to meet the needs of the programs. A greater than CPI increase might more fully fund the programs, but would have caused a substantial impact to all those affected.

Examples of the impact of the fee increases can be best shown by the impact on different classes of customers. A large municipality might have multiple wastewater treatment plants requiring an individual APP and, sometimes an individual AZPDES. In this example we will assume that the plant in question has a discharge volume of ten million gallons or more. That municipality would currently pay \$8,500 per year for the APP discharge and \$4,000 year for the AZPDES discharge, for a total of \$12,500 per year. Under the fee model proposed in this rulemaking, that municipality would pay \$12,130 per year for the APP discharge and \$5,708 for the AZPDES discharge, for a total of \$17,838. ADEQ considers this a moderate increase in cost for a large municipality that may have multiple plans that it is responsible for. The same holds true for any municipality regardless of size; since fees are tied to discharge volume, smaller municipalities will have correspondingly smaller annual fee burdens.

The CPI increase that applies to the ADEQ Operator Certification will be approximately 34%;

Reduction of Impact on Small Businesses: A.R.S. § 41-1035 requires state agencies to reduce the impact of a rulemaking on small businesses, if any of the following methods are legal and feasible in meeting the statutory objectives which are the basis of the rule making:

1. Establish less stringent compliance or reporting requirements in the rule for small businesses.
2. Establish less stringent schedules or deadlines in the rule for compliance or reporting requirements for small businesses.
3. Consolidate or simplify the rule's compliance or reporting requirements for small businesses.
4. Establish performance standards for small businesses to replace design or operational standards in the rule.
5. Exempt small businesses from any or all requirements of the rule.

The listed methods are not generally relevant to a rule establishing fees. *See* A.R.S. § 49-104(B)(17) (requiring fees be “fairly assessed” and based on “direct and indirect costs.”)

Probable Impact on Small Businesses: Small businesses with facilities that require APP or AZPDES permit coverage include small construction companies, truck stops and gas stations, and

mobile home and recreational vehicle parks. Generally, these types of small businesses do not operate facilities requiring reclaimed water permits, although a small golf course could have a reclaimed water general permit for use of treated effluent for irrigation. Truck stops and gas stations likely have general APP permits for drywells and will also be assessed the increased APP fees. Small businesses tend to have a smaller customer base over which to spread the costs of the increased fees.

Truck stops, gas stations, and mobile home and recreational vehicle parks that are not within incorporated communities served by centralized sewer, would likely require on-site wastewater treatment. The APP Type 4.23 general permit is for larger on-site facilities (up to 24,000 gallons per day).

Water and wastewater operators in Arizona who are certified, who seek to become certified, or seek additional certifications will bear the costs by paying the increased fees for renewals, examinations, reciprocity, or early examination. ADEQ's Operator Certification program has approximately 6,800 certified operators who hold approximately 12,000 certificates. About 3,800 operators hold multiple certifications; about 1,500 operators hold all four certifications.

An operator certified in Arizona can have a maximum of four certificates, meaning they are certified in each of the four classes of facilities: water treatment plants, water distribution systems, wastewater treatment plants, or wastewater collection systems. An operator with four certificates could pay a maximum renewal fee of \$402 every three years.

These rules do not make any changes to current costs for examination or professional development hours (PDHs). An operator will still be responsible for costs or fees paid to the examination contractor or for PDHs. The current cost to sit for an exam at Gateway is \$89, which is paid to Gateway. Generally, the fee can be up to \$109 for examinations held off-site from Gateway. The exam fee covers costs for Gateway and ABC operator certification examinations; ADEQ does not receive any part of this examination fee. If the employer of a water or wastewater certified operator decides to pay the renewal or examination fees for its operators, then the owner of the facility will bear the costs of this rulemaking

It is likely that most small businesses that require permitting or operator certification will be smaller waste water treatment plants or smaller municipalities, and that the increased fees will moderate impact on them – as compared to the minimal impact of a less than CPI increase, or the significant impact of a greater than CPI increase.

Identification of Persons Directly Affected by the Rule Making: Applicants and permittees of the drinking water, APP, UIC, reclaimed water, and AZPDES permitting programs will be affected by these rules, as well as individuals certified by our Operator Certification program. Permittees include businesses, individuals, political subdivisions, federal agencies, and non-profit organizations. Other entities that may be indirectly impacted by the rules include customers of permittees. This rulemaking does not directly impact the fees of ADEQ's delegated government entities. A.A.C. R18-14-107 establishes authority for counties or other local governments to set independent fees for implementing ADEQ delegated water protection programs.

ADEQ anticipates that this rulemaking will affect 17,000 to nearly 38,000 permitted facilities or activities, as well as an unknown number of facilities or activities in the future. ADEQ anticipates the increased fees will have a moderate impact on these persons – as compared to the minimal impact of a less than CPI increase, or the significant impact of a greater than CPI increase.

Probable Effect on State Revenues: ADEQ estimates that fees from this rulemaking will directly affect state revenues by increasing revenues to the WQFF Fund by \$2.8 million annually.

9. The agency's contact person who can answer questions about the economic, small business, and consumer impact statement:

Name: David Lelsz, Ph.D.
Address: ADEQ, Surface Water Quality Section,
1110 West Washington
Phoenix, AZ 85007
Telephone: (602) 771-[4651] (Any extension may be reached in-state by dialing 1-800-234-5677, and entering the seven-digit number.)
Fax: (602) 771-2366
E-mail: lelsz.david@azdeq.gov
Web site: <http://www.azdeq.gov/>

10. The time, place, and nature of the proceedings to make, amend, repeal, or renumber the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

ADEQ has scheduled a virtual oral proceeding to receive oral comments on the proposed rules, in accordance with A.R.S. § 41-1023; the date, time, location, and nature of the hearing are listed below:

Date of Hearing: May 30, 2023
Time: 11:00 a.m

Location: ONLINE (via GoToWebinar):
To join virtually, you will first need register using the following link:
<https://register.gotowebinar.com/register/6175690062154938459>
After you register, you will receive a confirmation email with information on how to join the oral proceeding at the scheduled time.

Ability to comment.

You may also call in and listen to the meeting using your phone, but please note that phone-only access does NOT provide the option for the participant to speak.

PHONE: +1 (914) 614-3221

Access Code: 332-944-479

Listen only; no ability to comment.

Nature: Oral proceeding on the proposed rules, with opportunity for formal comments on the record.

Written or emailed comments related to this proposed rulemaking may be submitted at any time during the public comment period to the person referenced in Item 4 above. Close of comment period will occur on Date of Hearing (listed above) at 5:00 p.m.

ADEQ will take reasonable measures to provide access to department services to individuals with limited ability to speak, write or understand English and/or to those with disabilities. Requests for language interpretation, ASL interpretation, CART captioning services or disability accommodations must be made at least 48 hours in advance by contacting the Title VI Nondiscrimination Coordinator, Leonard Drago, at 602-771-2288 or Drago.Leonard@azdeq.gov. For a TTY or other device, Telecommunications Relay Services are available by calling 711.

11. 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:

Not applicable.

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:

Not applicable. These rules establish fees for water quality protection services (Article 1), public water system design review (Article 2), and certified operators (Article 3). The requirements for

a permit, license, or agency authorization (for which ADEQ charges such fees) are established elsewhere in rule, specifically 18 A.A.C. 9.

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:

Not applicable. While the CWA and SDWA are applicable to some of ADEQ's water quality programs, these federal laws do not relate to water quality fees.

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:

Not applicable.

12. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:

Not applicable.

13. The full text of the rules follows:

TITLE 18. ENVIRONMENTAL QUALITY

CHAPTER 14. DEPARTMENT OF ENVIRONMENTAL 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
 - Table 1. Maximum Fees
- R18-14-103. Initial Fees
- R18-14-104. Annual Fees for Water Quality Protection Services Subject to Hourly Rate Fee
 - Table 2. APP Annual Registration Fees
 - Table 3. AZPDES Annual Fees
- R18-14-105. Fee Assessment and Collection
- R18-14-108. APP Water Quality Protection Services Flat Fees
 - Table 4. Type 2 and 3 General Permit Fees
 - Table 5. Type 4 General Permit Fees
- R18-14-109. AZPDES Water Quality Protection Services Flat Fees
 - Table 6. AZPDES Water Quality Protection Services Flat Fees
- R18-14-110. Reclaimed Water Flat Fees
 - Table 7. Reclaimed Water General Permit Fees
- R18-14-111. UIC Flat Fees
- R18-14-112. Other Flat Fees

ARTICLE 2. PUBLIC WATER SYSTEM DESIGN REVIEW FEES

Section

- R18-14-202. Flat Rate Fees
 - Table 1. Design Review Service Fees

ARTICLE 3. CERTIFIED OPERATOR FEES

Section

- R18-14-301. Certified Operator Fees

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.
9. "UIC" means Arizona's Underground Injection Control Program.
10. "Water quality protection service" means:
 - a. Reviewing a request for an APP determination of applicability;
 - b. Pre-application consultation, Issuing 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 annual reports and 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~~ \$174, adjusted annually under subsection (D), except for the UIC program, where the Department shall calculate the fee using an hourly rate of \$145, adjusted annually under subsection (D). 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), adjusted annually under subsection (D). ~~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 in Table 1, adjusted annually under subsection (D).
- D. The Director shall adjust the hourly rate and maximum fees listed in subsections (B) and (C) every August 1 to the nearest \$10, beginning August 4, 2023, by multiplying the hourly rate or maximum fee by the Consumer Price Index (CPI) for the most recent year, and then dividing by the CPI for the year 2023. The CPI for any year is the average of the Consumer Price Index for All Urban Consumers, Phoenix-Mesa-Scottsdale, AZ, all items published by the United States Department of Labor, as of the close of the 12-month period ending on June 30 of that year.

Table 1. Maximum Fees

Program Area	Permit Type	Maximum Fee
APP	Individual or area-wide	\$200,000 <u>\$285,400</u>
APP	Complex modification to individual or area-wide	\$150,000 <u>\$214,050</u>
APP	Clean closure of facility	\$50,000 <u>\$71,350</u>
APP	Standard modification to individual or area-wide (per modification up to the maximum fee, and modification can be reassigned under A.A.C. R18-1-516):	

	<ul style="list-style-type: none"> ▪ Maximum fee (cumulative per submittal) ▪ Modification under A.A.C. R18-9-A211(C)(1) through (3) ▪ Modification under A.A.C. R18-9-A211(C)(4) through (6) ▪ Modification under A.A.C. R18-9-A211(C)(7), (D)(2)(b) through (i), and (k) through (l) ▪ Modification under A.A.C. R18-9-A211(D)(2)(a) and (j) ▪ Modification under A.A.C. R18-9-A211(B) that is not classified as complex modification under R18-14-101(2) 	<p>\$150,000 <u>\$214,050</u></p> <p>No fee</p> <p>\$5,000 <u>\$7,135</u></p> <p>\$15,000 <u>\$21,405</u></p> <p>\$25,000 <u>\$35,675</u></p> <p>\$25,000 <u>\$35,675</u></p>
APP	<p>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)</p> <ul style="list-style-type: none"> ▪ 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 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: 	<p>\$150,000 <u>\$214,050</u></p> <p>\$100,000 <u>\$142,700</u></p> <p>\$100,000 <u>\$142,700</u></p>
APP	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	\$100,000 <u>\$142,700</u>
APP	Determination of applicability	\$15,000 <u>\$21,405</u>
APP	Reviewing proprietary and other reviewed products under A.A.C. R18-9-A309(E)	\$15,000 <u>\$21,405</u>
AZPDES	Individual permit for municipal separate storm sewer system	\$40,000 <u>\$57,080</u>
AZPDES	Individual permit for wastewater treatment plant (based on gallons of discharge per day) <ul style="list-style-type: none"> ▪ 3,000 to 99,999 ▪ 100,000 to 999,999 ▪ 1,000,000 to 9,999,999 ▪ 10,000,000 or more 	<p>\$15,000 <u>\$21,405</u></p> <p>\$20,000 <u>\$28,540</u></p> <p>\$30,000 <u>\$42,810</u></p> <p>\$50,000 <u>\$71,350</u></p>
AZPDES	Individual permit for a facility or activity that is not a wastewater treatment plant or a municipal separate storm sewer	\$30,000 <u>\$42,810</u>
AZPDES	Amendment to an individual permit	\$12,500 <u>\$17,838</u>
AZPDES	Approval of a new or revised pretreatment program under AZPDES	\$10,000 <u>\$14,270</u>

AZPDES	Consolidated individual permit for multiple AZPDES individual permits, as allowed under A.A.C. R18-9-B901(C)	Aggregate of the applicable maximum fees
Reclaimed	Reclaimed water individual permit	\$32,000 <u>\$45,664</u>
UIC	Area Area Modification / Renewal	\$200,000 \$150,000
UIC	Classes I, II, III, V Individual Classes I, II, III, V Modification / Renewal	\$200,000 \$150,000
UIC	Classes VI Individual Classes VI Modification	No Max No Max

R18-14-103. Initial Fees

- A.** A person shall submit the applicable fee at the time a request for a water quality protection service is submitted to the Department.
- B.** ~~For each water quality protection service subject to an hourly rate fee established under R18-14-102:~~
1. ~~An applicant shall submit a \$2,000 initial fee at the time a request is submitted to the Department for review.~~
 2. ~~If requested by an applicant, the Department may set a lower initial fee when the Department estimates a review fee that is less than the applicable initial fee.~~
- C.** ~~The Department shall not review a request for a water quality protection service if the applicant or permittee has not paid any fee due under this Article, unless the applicant or permittee has an outstanding water quality protection service bill that is under appeal pursuant to R18-14-106.~~

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, adjusted annually under subsection (E).
- 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, adjusted annually under subsection (E).
- C.** The Department shall assess an annual fee of ~~\$500~~ \$714, adjusted annually under subsection (E), 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, adjusted annually under subsection (E).
- E.** The Director shall adjust the annual fees listed in subsections (A), (B), (C), and (D) every August 1, to the nearest \$10, beginning August 4, 2023, by multiplying the annual fee by the Consumer Price Index (CPI) for the most recent year, and then dividing by the CPI for the year 2023. The CPI for any year is the average of the Consumer Price Index for All Urban Consumers, Phoenix-Mesa-Scottsdale, AZ, all items published by the United States Department of Labor, as of the close of the 12-month period ending on June 30 of that year.

Table 2. APP Annual Registration Fees

Discharge or Influent per Day under the Individual APP or Notice of Disposal (in Gallons)	Annual Registration Fee	Annual Registration Fee if New Facility Under New APP Not Yet Constructed
3,000 to 9,999	\$500 <u>\$714</u>	\$250 <u>\$357</u>
10,000 to 99,999	\$1,000 <u>\$1,427</u>	\$250 <u>\$357</u>
100,000 to 999,999	\$2,500 <u>\$3,568</u>	\$500 <u>\$714</u>
1,000,000 to 9,999,999	\$6,000 <u>\$8,562</u>	\$625 <u>\$892</u>
10,000,000 or more	\$8,500 <u>\$12,130</u>	\$750 <u>\$1,070</u>

Table 3. AZPDES Annual Fees

Permit Type	Annual Fee	Annual Fee if New Facility Under New AZPDES Not Yet Constructed
Municipal separate storm sewer system	\$10,000 <u>\$14,270</u>	N/A
Wastewater treatment plant (based on gallons of discharge per day):		

▪ Less than 99,999	\$250 \$357	\$250 \$357
▪ 100,000 to 999,999	\$500 \$714	\$500 \$714
▪ 1,000,000 to 9,999,999	\$2,500 \$3,568	\$625 \$892
▪ 10,000,000 or more	\$4,000 \$5,708	\$750 \$1,070
Facility or activity that is not a wastewater treatment plant or municipal separate storm sewer and designated in the permit as either:		
Major	\$2,500 \$3,568	\$625 \$892
Minor	\$500 \$714	\$500 \$714
Pretreatment program	\$3,000 \$4,281	N/A
Consolidated individual permit for multiple AZPDES individual permits, as allowed under A.A.C. R18-9-B901(C)	Aggregate of the applicable annual fees of each individual permit	Aggregate of the applicable annual fees of each individual permit

Table 3.1. UIC Annual Fees

Permit Type	Annual Registration Fee	Annual Waste Disposal Fee
Area	\$10,000 (and not subject to any other annual registration fee in Tables 3.1 and 3.2)	N/A
Class I	No Annual Registration Fee	\$0.002/gallon. Minimum Fee: \$10,000/year Maximum Fee: \$25,000/year
Class II	See Table 3.2	N/A
Class III	See Table 3.2	N/A
Class V "Individual"	See Table 3.2	N/A
Class VI	No Annual Registration Fee	\$0.08/ton Minimum Fee: \$10,000/year

Table 3.2. UIC Annual Registration Fees

Design Injection Flow Rate in Gallons per day ^{1,2}	Annual Registration Fee
3,000 to 9,999	\$600
10,000 to 99,999	\$1,200
100,000 to 999,999	\$3,000
1,000,000 to 9,999,999	\$7,000
10,000,000 or more	\$10,000

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.

R18-14-105. Fee Assessment and Collection

A. Billing. The Department shall bill an applicant for water quality protection services subject to an hourly rate no more than monthly, but at least quarterly. The following information shall be included in each bill:

1. The dates of the billing period;
2. The date and number of review hours itemized by employee name, position type and specifically describing:
 - a. Each water quality protection service performed,
 - b. Each facility involved and program component, and
 - c. The hourly rate for each water quality protection service performed;
3. A description and amount of each review-related cost incurred for the project;
4. ~~The total fees paid to date, the~~ The total fees due for the billing period, and the date when the fees are due, which shall be at least 35 days after the date on the bill, ~~The total fees paid to date and the maximum fee for the project shall be provided upon request.~~

- B. Final bill. After the Department makes a final determination whether to grant or deny a request for water quality protection services subject to an hourly rate fee, or when an applicant withdraws or closes the request, the Department shall prepare a final itemized bill of its review.
1. ~~If the total fee exceeds the amount of the initial fee plus all invoicing, the Department shall issue a final itemized bill for the cost of the water quality protection services up to the applicable maximum fee established under R18-14-102.~~
 2. ~~If the total fee is less than the initial fee and all paid invoicing charges, the Department shall refund the difference to the applicant.~~
 3. 1. Fees for water quality protection services shall be paid in U.S. dollars by cash, check, cashier's check, money order, or any other method acceptable to the Department.
 4. 2. The Department shall not release the final permit or approval until the final itemized bill is paid in full.

R18-14-108. APP Water Quality Protection Services Flat Fees

- A. The Department shall assess a flat fee for an APP water quality protection service listed in this Section.
- B. Type 1 General Permits. No fee is required, except as stated in A.A.C. R18-9-A304(A)(2).
- C. Fees for Type 2 and Type 3 General Permits and related water quality protection services are listed in Table 4, adjusted annually under subsection (E). For purposes of this Section, "complex" is defined in A.A.C. R18-1-501(9). "Standard" means any permit that does not meet the definition of complex.

Table 4. Type 2 and 3 General Permit Fees

Permit Description	Permit Fee	Renewal Fee
Standard Type 2: <u>2.01, 2.03, 2.04, 2.05, and 2.06</u>	\$1,500 <u>\$2,141</u>	\$500 <u>\$714</u>
Complex Type 2: <u>2.02</u>	\$3,000 <u>\$4,281</u>	\$1,000 <u>\$1,427</u>
Standard Type 3: <u>3.02, 3.03, 3.05, 3.06, and 3.07</u>	\$4,500 <u>\$6,422</u>	\$1,500 <u>\$2,141</u>
Complex Type 3: <u>3.01 and 3.04</u>	\$7,500 <u>\$10,703</u>	\$2,500 <u>\$3,568</u>
Amendment to Notice of Intent	Same as applicable renewal fee	N/A
Transfer of permit authorization	\$50 <u>\$71</u>	N/A
If a site contains more than one facility covered by the same Type 2 or Type 3 General Permit and each facility is substantially similar in design, construction, and operation, the first facility is paid at the full applicable fee, and each additional facility is:	Half the applicable fee	Half the applicable fee

- D. Fees for Type 4 General Permits and related water quality protection services are listed in Table 5, adjusted annually under subsection (E).

Table 5. Type 4 General Permit Fees

Water Quality Protection Service	Description	Permit Fee
4.01 General Permit: Sewage Collection Systems	Under each Notice of Intent to Discharge, the fee is assessed on a per-component basis for the components listed below and is assessed cumulatively up to the maximum fee:	
	▪ Maximum fee	\$25,000 <u>\$35,675</u>
	▪ Force mains with design flow less than or equal to 10,000 gpd	\$1,000 <u>\$1,427</u>
	▪ Each additional increment of 50,000 gpd or less of force mains	\$1,000 <u>\$1,427</u>
	▪ Gravity sewer with design flow less than or equal to 10,000 gpd	\$1,000 <u>\$1,427</u>
	▪ Each additional increment of 50,000 gpd or less of gravity sewer	\$1,000 <u>\$1,427</u>
	▪ Each sewer lift station	\$1,000 <u>\$1,427</u>
	▪ Each depressed sewer	\$1,000 <u>\$1,427</u>
	▪ Realignment of existing sewer for a contiguous project that is less than 300 linear feet with no change in design flow or pipe size	\$500 <u>\$714</u>

4.01 General Permit courtesy review	If an applicant requests courtesy review, the Department shall approve or deny the request. When determining whether to approve a courtesy review request, the Department shall consider the complexity of the project and the Department's current work load	One-third applicable fee upon submittal, then balance of fee if Notice of Intent to Discharge is submitted with final documentation within 180 days of first submittal
4.23 General Permit: 3,000 to less than 24,000 Gallons per day Design Flow	<ul style="list-style-type: none"> ▪ Onsite wastewater treatment facility with up to: <ul style="list-style-type: none"> • Three treatment technologies and disposal methods consisting of technologies or designs that are covered under other Type 4 general permits; and • Two onsite wastewater treatment facilities ▪ Maximum fee (cumulative) ▪ Each additional onsite wastewater treatment facility on same Notice of Intent to Discharge up to maximum fee ▪ Each additional treatment technology or disposal method consisting of technologies or designs that are covered under other Type 4 general permits on same Notice of Intent to Discharge up to maximum fee 	<p>\$3,600 \$5,137</p> <p>\$7,500 \$10,703</p> <p>\$1,200 \$1,712</p> <p>\$500 \$714</p>
4.23 General Permit annual report	Annual report required under A.A.C. R18-9-E323(G)	\$200 \$285
Type 4 General Permits (4.02 through 4.22)	<ul style="list-style-type: none"> ▪ Maximum fee ▪ First Type 4 general permit ▪ Each additional Type 4 general permit on same Notice of Intent to Discharge 	<p>\$3,700 \$5,280</p> <p>\$1,200 \$1,712</p> <p>\$500 \$714</p>
Alternative Design under A.A.C. R18-9-A312(G)	A request for an alternative design, installation, or operational feature, per alternative design: <ul style="list-style-type: none"> ▪ Type 4.01 general permit ▪ All other Type 4 general permits 	<p>\$750 \$1,070</p> <p>\$250 \$357</p>
Interceptor under A.A.C. R18-9-A315	A design requiring an interceptor (per interceptor)	\$100 \$143
Transfer	Transfer of discharge authorization	\$50 \$71
Priority Review	If an applicant requests priority review, the Department shall approve or deny the request. When determining whether to approve a priority review request, the Department shall consider the complexity of the project and the Department's current work load.	Double the Applicable Fee (including any applicable maximum fee)

E. The Director shall adjust the APP water quality protection services flat fees listed in subsections (C) and (D) every August 1, to the nearest \$10, beginning August 4, 2023, by multiplying the APP water quality protection services flat fee by the Consumer Price Index (CPI) for the most recent year, and then dividing by the CPI for the year 2023. The CPI for any year is the average of the Consumer Price Index for All Urban Consumers, Phoenix-Mesa-Scottsdale, AZ, all items published by the United States Department of Labor, as of the close of the 12-month period ending on June 30 of that year.

R18-14-109. AZPDES Water Quality Protection Services Flat Fees

- A. The Department shall assess a flat fee for an AZPDES water quality protection service, as described in Table 6, adjusted annually under subsection (D).
- B. In addition to the requirements in A.A.C. R18-9-A907(B), a draft permit will state the category and fee assigned to the permit and the factors for establishing the fee, according to Table 6. Any person may comment on the fee category assignment as part of the public comment period described in A.A.C. R18-9-A908.
- C. Annual Fee. The Department shall bill an annual fee, as described in Table 6, adjusted annually under subsection (D), to permittees who have not filed a notice of termination for an applicable general permit.

Table 6. AZPDES Water Quality Protection Services Flat Fees

Category	Factors for Establishing Fees	Initial Fee	Annual Fee
Municipal Separate Storm Sewer System General Permit	<p>The fee is based on the population of the permitted area:</p> <ul style="list-style-type: none"> ▪ Less than or equal to 10,000 ▪ Greater than 10,000 but less than or equal to 100,000 ▪ Greater than 100,000 <p>The fee for a non-traditional municipal separate storm sewer system, such as a hospital, college or military facility</p>	<p>\$2,500 <u>\$3,568</u></p> <p>\$5,000 <u>\$7,135</u></p> <p>\$7,500 <u>\$10,703</u></p> <p>\$5,000 <u>\$7,135</u></p>	<p>\$2,500 <u>\$3,568</u></p> <p>\$5,000 <u>\$7,135</u></p> <p>\$7,500 <u>\$10,703</u></p> <p>\$5,000 <u>\$7,135</u></p>
Construction General Permit	<p>The fee is based on the amount of acreage identified in the Notice of Intent:</p> <ul style="list-style-type: none"> ▪ Less than or equal to 1 acre ▪ Greater than 1 acre but less than or equal to 50 acres ▪ Greater than 50 acres <p>Pollution prevention plan review</p> <ul style="list-style-type: none"> ▪ Each additional submittal due to deficiency <p>Waiver</p> <p>If more than one person must apply for general permit coverage of the same facility or discharge activity, each person pays:</p>	<p>\$250 <u>\$357</u></p> <p>\$350 <u>\$499</u></p> <p>\$500 <u>\$714</u></p> <p>\$1,000 <u>\$1,427</u></p> <p>\$500 <u>\$714</u></p> <p>\$750 <u>\$1,070</u></p> <p>Fee applicable to the amount of acreage each person controls</p>	<p>\$250 <u>\$357</u></p> <p>\$350 <u>\$499</u></p> <p>\$500 <u>\$714</u></p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>Fee applicable to the amount of acreage each person controls</p>
Multi-Sector General Permit	<p>The fee is based on the amount of acreage identified in the Notice of Intent:</p> <ul style="list-style-type: none"> ▪ Less than or equal to 1 acre ▪ Greater than 1 acre but less than or equal to 40 acres ▪ Greater than 40 acres <p>Pollution prevention plan review</p> <ul style="list-style-type: none"> ▪ Each additional submittal due to deficiency <p>Certificate of No Exposure</p> <p>If more than one person must apply for general permit coverage of the same facility or discharge activity, each person pays:</p>	<p>\$350 <u>\$499</u></p> <p>\$500 <u>\$714</u></p> <p>\$1,000 <u>\$1,427</u></p> <p>\$1,000 <u>\$1,427</u></p> <p>\$500 <u>\$714</u></p> <p>\$1,250 <u>\$1,784</u></p> <p>Fee applicable to the amount of acreage each person controls</p>	<p>\$350 <u>\$499</u></p> <p>\$500 <u>\$714</u></p> <p>\$1,000 <u>\$1,427</u></p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>Fee applicable to the amount of acreage each person controls</p>
General Permits for Non-Stormwater Discharges	<p>The fee is based on the Department's total anticipated staff hours (including permit development, customer service, review of the notice of intent, and annual data review and inspections) divided by the total number of potential permittees over a five-year period:</p> <ul style="list-style-type: none"> ▪ Level 1A <ul style="list-style-type: none"> • Staff hours: 1,500 • Number of potential permittees: 750 ▪ Level 1B <ul style="list-style-type: none"> • Staff hours: 1,500 • Number of potential permittees: 375 ▪ Level 2 <ul style="list-style-type: none"> • Staff hours: 1,000 	<p>\$250 <u>\$357</u></p> <p>\$500 <u>\$714</u></p> <p>\$1,250 <u>\$1,784</u></p>	<p>\$250 <u>\$357</u></p> <p>\$500 <u>\$714</u></p> <p>\$1,250 <u>\$1,784</u></p>

	<ul style="list-style-type: none"> • Number of potential permittees: 100 ▪ Level 3 	\$1,500 \$2,141	\$1,500 \$2,141
	<ul style="list-style-type: none"> • Staff hours: 1,300 • Number of potential permittees: 100 ▪ Level 4A 	\$2,000 \$2,854	\$2,000 \$2,854
	<ul style="list-style-type: none"> • Staff hours: 1,600 • Number of potential permittees: 100 ▪ Level 4B 	\$2,500 \$3,568	\$2,500 \$3,568
	<ul style="list-style-type: none"> • Staff hours: 1,900 • Number of potential permittees: 100 		
	Pollution prevention plan review	\$1,000 \$1,427	N/A
	▪ Each additional submittal due to deficiency	\$500 \$714	N/A
Emergency Discharge General Permit	Authorization for emergency discharge	\$10,000 \$14,270	N/A
Transfer	Authorization for permit transfer as allowed under A.A.C. R18-9-B905	\$50 \$71	N/A
Biosolids Land Applicators	Initial registration	\$500 \$714	N/A
	Registration amendment	\$250 \$357	N/A
	Annual report based on amount of dry metric tons applied		
	▪ Less than or equal to 7,500 dry metric tons	N/A	\$2,500 \$3,568
	▪ Greater than 7,500 dry metric tons but less than or equal to 15,000 dry metric tons	N/A	\$3,000 \$4,281
	▪ Greater than 15,000 dry metric tons	N/A	\$4,500 \$6,422

D. The Director shall adjust the AZPDES water quality protection services flat fees listed in subsections (C) and (D) every August 1, to the nearest \$10, beginning August 4, 2023, by multiplying the AZPDES water quality protection services flat fee by the Consumer Price Index (CPI) for the most recent year, and then dividing by the CPI for the year 2023. The CPI for any year is the average of the Consumer Price Index for All Urban Consumers, Phoenix-Mesa-Scottsdale, AZ, all items published by the United States Department of Labor, as of the close of the 12-month period ending on June 30 of that year.

R18-14-110. Reclaimed Water Flat Fees

A. The Department shall assess a flat fee for a reclaimed water quality protection service as listed in Table 7, adjusted annually under subsection (B). For purposes of this Section, “complex” is defined in A.A.C. R18-1-501(9). “Standard” means any permit that does not meet the definition of complex.

Table 7. Reclaimed Water General Permit Fees

Permit Description	Permit Fee	Renewal Fee
Standard Type 2: Class A, A+, B, and B+	\$600 \$856	\$450 \$642
Complex Type 2: Class C	\$750 \$1,070	\$575 \$821
Standard Type 3: Reclaimed Water Agent, Reclaimed Water Blending Facility	\$1,500 \$2,141	\$1,250 \$1,784
Complex Type 3: Gray Water	\$2,000 \$2,854	\$1,500 \$2,141
Amendment Notice of Intent to	Same as applicable renewal fee	N/A
Transfer permit authorization of	\$50 \$71	N/A

B. The Director shall adjust the reclaimed water quality protection services flat fees listed in subsections (A) every August 1, to the nearest \$10, beginning August 4, 2023, by multiplying the reclaimed water quality protection services flat fee by the Consumer Price Index (CPI) for the most recent year, and then dividing by the CPI for the year 2023. The CPI for any year is the average of the Consumer Price Index for All Urban Consumers, Phoenix-Mesa-Scottsdale, AZ, all items published by the United States Department of Labor, as of the close of the 12-month period ending on June 30 of that year.

R18-14-111. UIC Flat Fees

A. The Department shall assess a flat fee for the following UIC regulated facility services, adjusted annually under subsection (B):

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.

B. The Director shall adjust the UIC regulated facility services flat fees listed in subsections (A) every August 1, to the nearest \$10, beginning August 4, 2023, by multiplying the UIC regulated facility services flat fee by the Consumer Price Index (CPI) for the most recent year, and then dividing by the CPI for the year 2023. The CPI for any year is the average of the Consumer Price Index for All Urban Consumers, Phoenix-Mesa-Scottsdale, AZ, all items published by the United States Department of Labor, as of the close of the 12-month period ending on June 30 of that year.

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:~~
 - a. ~~The fees in R18-14-111 are applicable, and~~
 - b. ~~A.R.S Title 49, Chapter 2, Article 8 is removed.~~
- 3-1. Certificate of Approval for Sanitary Facilities for Subdivisions.
 - a. Subdivision with public sewerage system: ~~\$800~~ \$1,142, adjusted annually under subsection (2), for every increment of 150 lots or less;
 - b. Subdivision with individual sewerage system:
 - i. ~~\$500~~ \$714, adjusted annually under subsection (2), for less than 10 lots;
 - ii. ~~\$1,000~~ \$1,427, adjusted annually under subsection (2), for greater than 10 lots but less than 50 lots;
 - iii. ~~\$1,000~~ \$1,427, adjusted annually under subsection (2), 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~~ \$1,427, adjusted annually under subsection (2), for every increment of 150 units or less.
2. The Director shall adjust the water quality protection services flat fees listed in subsections (1) every August 1, to the nearest \$10, beginning August 4, 2023, by multiplying the water quality protection services flat fee by the Consumer Price Index (CPI) for the most recent year, and then dividing by the CPI for the year 2023. The CPI for any year is the average of the Consumer Price Index for All Urban Consumers, Phoenix-Mesa-Scottsdale, AZ, all items published by the United States Department of Labor, as of the close of the 12-month period ending on June 30 of that year.

**ARTICLE 2. PUBLIC WATER SYSTEM
DESIGN REVIEW FEES**

R18-14-202. Flat Rate Fees

- A.** The Department shall assess and collect a flat rate fee for design review services for public water systems.
- B.** Design criteria for public water systems are specified in 18 A.A.C. 4 and 18 A.A.C. 5.
- C.** An applicant shall submit public water system design review fees with an application for an Approval to Construct, as specified in 18 A.A.C. 5, Article 5.
- D.** The flat rate fees for a design review service:
 1. Are established in Table 1, adjusted annually under subsection (I), are assessed on a per-unit basis where applicable, and are cumulative unless otherwise specified in this Article;
 2. Shall be paid by cash, check, cashier's check, money order, or any other method acceptable to the Department; and
 3. Shall be paid in full before the Department issues approval of an application.

- E. The Department shall refund 50 percent of the application fee paid by an applicant if, during the administrative completeness review time-frame period, the applicant:
1. Fails to respond in a reasonably timely manner, as set forth in A.A.C. R18-1-507, to a notice of administrative deficiencies requesting additional information under A.A.C. R18-1-503, and the Department denies the application; or
 2. Withdraws the application.
- F. If an application is denied under A.A.C. R18-1-507 after the end of the administrative completeness review time-frame, the Department shall retain the flat fee paid by the applicant.
- G. If an applicant requests priority review, the Department shall approve or deny the request. When determining whether to approve a priority review request, the Department shall consider the complexity of the project and the Department's current work load. If priority review is approved by the Department, the applicant shall pay the priority review fee specified in Table 1, adjusted annually under subsection (I).
- H. State agencies are exempt from all fees imposed under this Article pursuant to A.R.S. § 49-353(A)(2)(b).
- I. The Director shall adjust the design review services fees listed in Table 1 every August 1, to the nearest \$10, beginning August 4, 2023, by multiplying the design review services fee by the Consumer Price Index (CPI) for the most recent year, and then dividing by the CPI for the year 2023. The CPI for any year is the average of the Consumer Price Index for All Urban Consumers, Phoenix-Mesa-Scottsdale, AZ, all items published by the United States Department of Labor, as of the close of the 12-month period ending on June 30 of that year.

Table 1. Design Review Service Fees

Public Water System Design Review Application Types	Fees^{1,2}
Approval to Construct Public Water Supply Distribution System:	
• 150 or fewer service connections	\$900 <u>\$1,284</u>
• 151 to 300 service connections	\$1,400 <u>\$1,998</u>
• 301 to 450 service connections	\$1,900 <u>\$2,711</u>
• 451 to 600 service connections	\$2,400 <u>\$3,425</u>
• 601 to 750 service connections	\$2,900 <u>\$4,138</u>
• Each additional 150 service connections	Add \$500 <u>\$714</u>
Water Treatment Plants and Blending Plans (including new source approval if applicable):	
• < 0.1 mgd	\$1,500 <u>\$2,141</u>
• ≥ 0.1 mgd and < 1 mgd	\$2,000 <u>\$2,854</u>
• ≥ 1 mgd and < 5 mgd	\$3,000 <u>\$4,281</u>
• ≥ 5 mgd	\$5,000 <u>\$7,135</u>
Well (including new source approval if applicable)	\$1,250 <u>\$1,784</u>
Storage Tank	\$800 <u>\$1,142</u>
Booster Pump	\$800 <u>\$1,142</u>
Main Line Extension	\$250 <u>\$357</u>
Chlorinators/Disinfection Devices	\$250 <u>\$357</u>
Extension of Time to Construct ³	50% of the application fee, not to exceed \$500 <u>\$714</u>
Priority Review Fee ⁴	Double the Standard Fee

1 Fees are calculated on a per-unit basis; i.e., a separate fee is assessed for each separate storage tank, booster pump, disinfection device, or main line extension.

2 Fees for each application type are cumulative; an applicant must pay the total of all pertinent fees.

3 Extensions of time to construct are issued pursuant to A.A.C. R18-5-505(E); the Section states that an Approval to Construct becomes void if construction is not commenced or completed within a specified time period, unless the Department grants an extension of time.

- 4 Priority Review Projects require Department authorization prior to filing.

ARTICLE 3. CERTIFIED OPERATOR FEES

R18-14-301. Certified Operator Fees

- A. Definition terms from A.A.C. R18-5-101 apply to this Article.
- B. The Department shall assess and collect a flat rate fee for a certification or renewal under the operator certification program.
- C. A person shall submit the applicable fee when requesting a certification or renewal under 18 A.A.C. 5, Article 1, as described below:
1. An applicant that seeks new certification shall submit a ~~\$65~~ \$87 fee, adjusted annually under subsection (D), per certification.
 2. An operator that has not held a lower grade level for the required amount of time requests the Department's determination on experience and education in order to be admitted to a higher grade certification examination shall submit a fee of ~~\$150~~ \$201, adjusted annually under subsection (D), per application.
 3. An applicant that requests a certificate based on reciprocity with another jurisdiction shall submit a fee of ~~\$250~~ \$334, adjusted annually under subsection (D), per application.
 4. An operator submitting a certificate renewal shall submit a ~~\$150~~ \$201, adjusted annually under subsection (D), fee for each certificate. If the operator has multiple certificates, the first certificate is ~~\$150~~ \$201, adjusted annually under subsection (D), and each additional certificate with the same expiration date is ~~\$50~~ \$67, adjusted annually under subsection (D).
- D. The Director shall adjust the certification or renewal fees listed in subsection (C) every August 1, to the nearest \$10, beginning August 4, 2023, by multiplying the certification or renewal fee by the Consumer Price Index (CPI) for the most recent year, and then dividing by the CPI for the year 2023. The CPI for any year is the average of the Consumer Price Index for All Urban Consumers, Phoenix-Mesa-Scottsdale, AZ, all items published by the United States Department of Labor, as of the close of the 12-month period ending on June 30 of that year.