



Janice K. Brewer  
Governor

# ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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Benjamin H. Grumbles  
Director

February 12, 2010

Re: State Assurance Fund  
Notice of Ranking Period to Establish the Priority of Assurance Account Payments

Dear SAF Stakeholder:

Unprecedented revenue shortfalls and transfers from the Underground Storage Tank State Assurance Fund have resulted in ADEQ's determination that the State Assurance Fund balance will not be sufficient to pay all approved amounts for applications and direct payment requests that are in process or are anticipated to be submitted.

This letter serves as ADEQ's determination that a ranking period to establish the priority of assurance account payments is necessary as described by Arizona Administrative Code (A.A.C.) R18-12-612 through R18-12-615. Please refer to A.A.C. R18-12-612 through R18-12-615 and the attached process summary for details regarding the claim prioritization process.

The ranking period shall begin on March 31, 2010 as ADEQ has determined State Assurance Fund balances will be insufficient to pay, upon approval, all approved costs on reimbursement applications and direct payment requests in process as of that date. The ranking period shall terminate when ADEQ is able to pay all approved costs on reimbursement applications and direct payment requests in process.

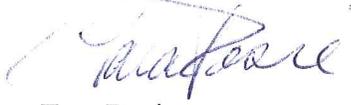
During the ranking period, the Department shall assign priority ranking points to score affected applications and direct payment requests in consideration of the financial need of the eligible person, the risk to human health and the environment posed by the contamination, and whether a delay in assurance account coverage will adversely affect a cleanup in process.

If you have any questions regarding this notice, please contact Carrie McFarland at (602)771-7611.

Northern Regional Office  
1801 W. Route 66 • Suite 117 • Flagstaff, AZ 86001  
(928) 779-0313

Southern Regional Office  
400 West Congress Street • Suite 433 • Tucson, AZ 85701  
(520) 628-6733

Sincerely,

A handwritten signature in cursive script, appearing to read "Tara Rosie".

Tara Rosie  
SAF Administrator

Attachment:

State Assurance Fund Claim Prioritization and Payment Process Summary

## STATE ASSURANCE FUND

### CLAIM PRIORITIZATION AND PAYMENT PROCESS SUMMARY

Claim prioritization (“ranking”) is a statutory process for prioritizing the payment of SAF claims when there are insufficient funds available in the Assurance Account to pay all requests for payment at the time the claims are approved. [A.R.S. § 49-1052(G)]

#### PRIORITIZATION

A prioritization or ranking period begins when the ADEQ Director declares a “Notice of Ranking Period” and issues a general notification of the need to prioritize claims for payment to claimants.

Prioritization is further described in rule (A.A.C. R18-12-612 through R18-12-615) and involves the assignment of “priority ranking points” to each claim during each ranking period.

Points (scores) are assigned based on sum of the following:

- financial need of the claimant (max. 50 points);
- risk the contamination poses to human health and the environment (max. 45 points);
- whether delays in assurance account coverage would adversely affect a corrective action in process (max. 5 points).

Financial need points are determined based on financial information provided in accordance with A.A.C. R18-12-613 and R18-12-614 (total current assets, liabilities and net worth of the claimant). A claimant may expressly waive the financial need priority evaluation and ranking points.

Risk points are determined based on the Leaking Underground Storage Tank Site Classification in accordance with A.A.C. R18-12-615. For example, more points are awarded for sites where known or probable groundwater impacts have occurred than are to sites where limited soil impacts are known.

Payment deferral points are awarded for each month a claim is not payable due to a shortage of funds in the Assurance Account.

During a ranking period, claims for payment will be listed in descending numerical order of priority ranking points [R18-12-612(D)]. If two claims have an equal numerical score, priority will go to the one first received by the department [R18-12-612(D)].

#### PAYMENTS

When sufficient monies are accumulated in the Assurance Account, full payments on approved costs will be made in descending order on the ranking list until there are insufficient monies available to make full payment on approved costs of the next lowest listed claim for payment [R18-12-612(E)]. Each claim not receiving payment will accrue two (2) additional deferral points for the next ranking period [R18-12-612(F)].