

## Requirements for Submittal of Financial Test for the Division of Solid Waste Management

The company or guarantor must submit the following documents in support of the Financial Test, as specified by Departmental Rule 0400-11-01-.03. All documents must be submitted within ninety (90) days of the end of the company's or guarantor's most recently completed fiscal year unless an extension is approved by TDEC:

- A. a letter signed by the Chief Financial Officer certifying compliance with the financial conditions and measures set forth in Rule 0400-11-01-.03; and
- B. a copy of the audited financial statements for the latest completed fiscal year and a copy of the independent certified public accountant's report on examination of such financial statements, which report shall be unqualified or, if qualified, such qualification shall have been approved in writing by TDEC; and
- C. a special report from an independent certified public accountant attesting to compliance with the financial conditions and measures set forth in the regulation that states that: 1. he has compared the data which the letter from the chief financial officer specifies as having been derived from the independently audited, year-end financial statements for the latest fiscal year with the amounts in such financial statements; and, 2. In connection with the procedure, no matters came to his attention which caused him to believe that the specified data should be adjusted.
- D. if filing as a corporate guarantor, the Corporate Guarantee for Closure and/or Post-Closure Care included herein.

**FINANCIAL TEST  
WITH LETTER FROM CHIEF FINANCIAL OFFICER**

[Address to Division Director]

**I am the Chief financial officer of [name and address of firm]. This letter is in support of this firm's use of the financial test to demonstrate financial assurance for closure and/or post-closure costs, as specified in Departmental Rule 0400-11-01-.03(3).**

[Fill out the following five paragraphs regarding facilities and associated cost estimates. If your firm has no facilities that belong in a particular paragraph, write "None" in the space indicated. For each facility, include its Tennessee Permit Number, name, address, and current closure and/or post-closure cost estimates. Identify each cost estimate as to whether it is for closure or post-closure care].

1. This firm is the owner or operator of the following facilities for which financial assurance for closure and/or post-closure care is demonstrated through the financial test specified in Departmental Rule 0400-11-01-.03(3). The current closure and/or post-closure cost estimates covered by the test are shown for each facility: \_\_\_\_\_.

2. This firm guarantees, through the guarantee specified in Rule 0400-11-01-.03(3), the closure and/or post-closure care of the following facilities owned or operated by the guaranteed party. The current cost estimates for the closure and/or post-closure care so guaranteed are shown for each facility: \_\_\_\_\_. The firm identified above is [insert one or more: (1) The direct or higher-tier parent corporation of the owner or operator, (2) owned by the same parent corporation as owner or operator, and receiving the following value in consideration of this guarantee \_\_\_\_; or (3) engaged in the following substantial business relationship with the owner or operator \_\_\_\_\_, and receiving the following value in consideration of this guarantee \_\_\_\_]. [Attach a written description of the business relationship or a copy of the contract establishing such relationship to this letter].

3. In States other than Tennessee, this firm, as owner and/or operator or guarantor, is demonstrating financial assurance for the closure and/or post-closure care of the following facilities through the use of a test equivalent or substantially equivalent to the financial test specified in Departmental rule 0400-11-01-.03(3). The current closure and/or post-closure cost estimates covered by such a test are shown for each facility: \_\_\_\_\_.

4. This firm is the owner or operator of the following waste management facilities for which financial assurance for closure and/or post-closure care, is not demonstrated either to EPA or a State through the financial test or any other financial assurance mechanism specified in Departmental Rule 0400-11-01-.03(3)(d) or equivalent or substantially equivalent State mechanisms. The current closure and/or post-closure cost estimates not covered by such financial assurance are shown for each facility. \_\_\_\_\_.

5. This firm is the owner or operator of the following UIC facilities for which financial assurance for plugging and abandonment is required under part 144. The current closure and/or post-closure cost estimates are shown for each facility: \_\_\_\_\_.

This firm [insert "is required" or "is not required"] to file a Form 10K with the Securities and Exchange Commission (SEC) for the latest fiscal year.

The fiscal year of this firm ends on [month, day]. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements for the latest completed fiscal year, ended [date].

**Wording for the Financial Test which accompanies the "Letter from the Chief Financial Officer."**

**ALTERNATE I**

**ALTERNATE II**

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| <p>1. Sum of current closure and post-closure cost estimate [total of all cost estimates shown in the five paragraphs above] \$ _____</p> <p>*2. Total liabilities [if any portions of the closure or post-closure cost estimates is included in total liabilities, you may deduct the amount of that portion from this line and add that amount to lines 3 and 4] \$ _____</p> <p>*3. Tangible net worth \$ _____</p> <p>*4. Net Worth \$ _____</p> <p>*5. Current assets \$ _____</p> <p>*6. Current liabilities \$ _____</p> <p>7. Net working capital [line 5 minus line 6] \$ _____</p> <p>*8. The sum of net income plus depreciation, depletion, and amortization \$ _____</p> <p>*9. Total assets in U.S. (required only if less than 90% of firm's assets are located in the U.S.) \$ _____</p> <p>10. Is line 3 at least \$10 million? (Yes/No) \$ _____</p> <p>11. Is line 3 at least 6 times line 1? (Yes/No) \$ _____</p> <p>12. Is line 7 at least 6 times line 1? (Yes/No) \$ _____</p> <p>*13. Are at least 90% of the firm's assets located in the U.S.? If not, complete Line 14 (Yes/No) \$ _____</p> <p>14. Is line 9 at least 6 times line 1? (Yes/No) \$ _____</p> <p>15. Is line 2 divided by line 4 less than 2.0? (Yes/No) \$ _____</p> <p>16. Is line 8 divided by line 2 greater than 0.1? (Yes/No) \$ _____</p> <p>17. Is line 5 divided by line 6 greater than 1.5? (Yes/No) \$ _____</p> | <p>1. Sum of current closure and post-closure cost estimate [total of all cost estimates shown in the five paragraphs above] \$ _____</p> <p>2. Current bond rating of most recent issuance of this firm and name of rating of service \$ _____</p> <p>3. Date of issuance of Bond \$ _____</p> <p>4. Date of maturity of Bond \$ _____</p> <p>*5. Tangible net worth [if any portion of the closure and post-closure cost estimates is included in "total liabilities" on your firm's financial statements, you may add the amount of that portion to this line] \$ _____</p> <p>*6. Total assets in U.S. (required only if less than 90% of firm's assets are located in the U.S.) \$ _____</p> <p>7. Is line 5 at least \$10 million? (Yes/No) \$ _____</p> <p>8. Is line 5 at least 6 times line 1? (Yes/No) \$ _____</p> <p>*9. Are at least 90% of firm's assets located in the U.S.? If not complete line 10 (Yes/No) \$ _____</p> <p>10. Is line 6 at least 6 times line 1? (Yes/No) \$ _____</p> |
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I hereby certify that the wording of this letter is identical to the wording provided by the Department as required in Department Rule 0400-11-01-.03.

[Signature] \_\_\_\_\_

[Name] \_\_\_\_\_

[Title] \_\_\_\_\_

[Date] \_\_\_\_\_