Letter From Chief Financial Officer (to Demonstrate Liability Coverage or to Demonstrate Both Liability Coverage and Assurance of Closure or Postclosure Care)

Director
Division of Waste Management
Natural Resources and Environmental Protection Cabinet
Department for Environmental Protection
Frankfort, Kentucky 40601

Dear Director:

I am the chief financial officer of *(firm's name and address)*

_____

_____

_____

_____

This letter is in support of the use of the financial test to demonstrate financial responsibility for liability coverage,

_____

(insert "and closure and/or postclosure care" if applicable)

as specified in 401 KAR 34:080 through 34:130 and 401 KAR 35:080 through 35:130.

(Fill out the following paragraphs regarding facilities and liability coverage. If there are no facilities that belong in a particular paragraph, write "None" in the space indicated. For each facility, include its EPA Identification Number, name, and address.)

The firm identified above is the owner or operator of the following facilities for which liability coverage for _____ accidental occurrences is being demonstrated
(insert "sudden" or "nonsudden" or "both sudden and nonsudden")

through the financial test as specified in 401 KAR 34:080 through 34:130 and 401 KAR 35:080 through 35:130.

(Note: Complete these blanks if you are demonstrating only liability coverage. Owners or operators demonstrating liability coverage and closure or postclosure costs should not complete this section but complete paragraphs 1 through 5.)

_____ _____

_____ _____

_____ _____

_____ _____

The firm identified above guarantees, through the corporate guarantee specified in 401 KAR 34:080 through 34:130 and 401 KAR 35:080 through 35:130, liability coverage for

_____

(insert "sudden" or "nonsudden" or "both sudden and nonsudden")

accidental occurrences at the following facilities owned or operated by the following:

_____ _____

_____ _____

_____ _____

_____ _____

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 the parent corporation of the 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*

_____ *(Attach a written description of the*

the following value in consideration of this guarantee _____ .

business relationship or a copy of the contract establishing such relationship to this letter.)

(If you are using the financial test to demonstrate coverage of both liability and closure and postclosure care, fill in the following five paragraphs and schedules regarding facilities and associated closure and postclosure cost estimates. If there are no facilities that belong in a particular paragraph, write "None" in the space indicated. For each facility, include its EPA Identification Number, name, address, and current closure and/or postclosure cost estimates. Identify each cost estimate as to whether it is for closure or postclosure care.)

1. The firm identified above owns or operates the following facilities in Kentucky for which financial assurance for closure or postclosure care or liability coverage is demonstrated through the financial test specified in 401 KAR 34:080 through 34:130 and 401 KAR 35:080 through 35:130. The current closure and/or postclosure cost estimates covered by this test are shown for each facility in Schedule 1 which is attached.

2. The firm identified above guarantees, through the corporate guarantee specified in 401 KAR 34:080 through 34:130 and 401 KAR 35:080 through 35:130, the closure and postclosure care or liability coverage of the following facilities owned or operated by the guaranteed party. The current cost estimates for the closure or postclosure care so guaranteed are shown for each facility in Schedule 2 which is attached.

3. In States other than Kentucky, this firm is demonstrating financial assurance for the closure or postclosure care of the following facilities through the use of a test equivalent or substantially equivalent to the financial test specified in 401 KAR 34:080 through 34:130 and 401 KAR 35:080 through 35:130. The current closure or postclosure cost estimates covered by such a test are shown for each facility in Schedule 3 which is attached.

4. The firm identified above owns or operates the following hazardous waste sites or facilities for which financial assurance for closure or, if a disposal facility, postclosure care, is not demonstrated to Kentucky, EPA or any State through the financial test or any other financial assurance mechanism specified in 401 KAR 34:080 through 34:130 and 401 KAR 35:080 through 35:130 or equivalent or substantially equivalent state mechanisms. The current closure and/or postclosure cost estimates not covered by such financial assurance are shown for each facility in Schedule 4 which is attached.

5. This firm is the owner or operator of the following UIC facilities for which financial assurance for plugging and abandonment is required under 40 CFR Part 144. The current closure cost estimates as required by 40 CFR Part 144.62 and 401 KAR

35:270 are shown for each facility in Schedule 5 which is attached.

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

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

(Fill in Part A if you are using the financial test to demonstrate coverage only for the liability requirements.)

Part A. Liability Coverage for Accidental Occurrences

(Fill in Alternative I if the criteria of Section 6(1)(a) of 401 KAR 34:120 or Section 6(1)(a) of 401 KAR 35:120 are used. Fill Alternative II if the criteria of Section 6(1)(b) of 401 KAR 34:120 or Section 6(1)(b) of 401 KAR 35:120 are used.)

Alternative I

1. Amount of annual aggregate liability coverage to be demonstrated: $ _____

*2. Current assets $ _____

*3. Current liabilities $ _____

*4. Net working capital *(line 2 minus line 3)* $ _____

*5. Tangible net worth $ _____

*6. If less than ninety (90) percent of assets are located in the United States, give total United States assets

$ _____

*7. Ten (10) percent of equity $ _____

(Answer yes or no to questions 8 through 13.)

8. Is line 1 less than line 7? If the answer is no, the test fails._____

9. Is line 5 at least $10 million?_____

10. Is line 4 at least six (6) times line 1? _____

11. Is line 5 at least six (6) time line 1?_____

*12. Are at least ninety (90) percent of assets located in the United States? If not complete line 13.

_____

13. Is line 6 at least six (6) times line 1? _____

Alternative II

1. Amount of annual aggregate liability coverage to be demonstrated:$ _____

2. Current bond rating of most recent issuance and name of rating service _____

3. Date of issuance of bond _____

4. Date of maturity of bond _____

*5. Tangible net worth $ _____

*6. Total assets in the United States *(required only if less than ninety (90) percent of assets are located in the United States.)* $ _____

*7. Ten (10) percent of equity $ _____

(Answer yes or no to questions 8 through 12.)

8. Is line 1 less than line 7? If the answer is no, the test fails._____

9. Is line 5 at least $10 million?_____

10. Is line 5 at least six (6) times line 1? _____

*11. Are at least ninety (90) percent of assets located in the United States? If not complete line 12.

_____

12. Is line 6 at least six (6) times line 1? _____

(Fill in Part B if you are using the financial test to demonstrate assurance of both liability coverage and closure or postclosure care.)

Part B. Closure or Postclosure Care and Liability Coverage

(Fill in Alternative I if the criteria of Section 8(1)(a) of 401 KAR 34:090 or Section 8(1)(a) of 401 KAR 34:100 and Section 6(1)(a) of 401 KAR 34:120 are used or if the criteria of Section 7(1)(a) of 401 KAR 35:090 or Section 7(1)(a) or 401 KAR 35:100 and Section 6(1)(a) of 401 KAR 35:120 are used. Fill Alternative II if the criteria of Section 8(1)(b) of 401 KAR 34:090 or Section 8(1)(b) of 401 KAR 34:100 and Section 6(1)(b) of 401 KAR 34:120 are used or if the criteria of Section 7(1)(b) of 401 KAR 35:090 or Section 7(1)(b) of 401 KAR 35:100 and Section 6(1)(b) of 401 KAR 35:120 are used.)

Alternative I

1. Sum of current closure and postclosure cost estimates *(total of all cost estimates listed above)*

   $ _____

2. Amount of annual aggregate liability coverage to be demonstrated $ _____

3. Sum of lines 1 and 2 $ _____

*4. Total liabilities (*if any portion of your closure or postclosure cost estimates is included in your total liabilities, you may deduct that portion from this line and add that amount to lines 5 and 6)*

$ _____

*5. Tangible net worth $ _____

*6. Net worth $ _____

*7. Current assets $ _____

*8 Current liabilities $ _____

9. Net working capital *(line 7 minus line 8)* $ _____

*10 The sum of net income plus depreciation, depletion, and amortization $ _____

*11. Total assets in United States *(required only if less than ninety (90) percent of assets are located in the United States.)* $ _____

*12. Ten (10) percent of equity $ _____

(Answer yes or no to questions 13 through 21.)

13. Is line 2 less than line 12? If the answer is no, the test fails for liability coverage *(Complete form DEP-6035F for closure and postclosure only.)* _____

14. Is line 5 at least $10 million? _____

15. Is line 5 at least six (6) times line 3? _____

16. Is line 9 at least six (6) time line 3? _____

*17. Are at least ninety (90) percent of assets located in the United States? If not, complete line 18.

_____

18. Is line 11 at least six (6) times line 3? _____

19. Is line 4 divided by line 6 less than 2.0? _____

20. Is line 10 divided by line 4 greater than 0.1? _____

21. Is line 7 divided by line 8 greater than 1.5? _____

Alternative II

1. Sum of current closure and postclosure cost estimates *(total of all cost estimates listed above)*

$ _____

2. Amount of annual aggregate liability coverage to be demonstrated $ _____

3. Sum of lines 1 and 2 $ _____

4. Current bond rating of most recent issuance and name of rating service _____

5. Date of issuance of bond _____

6. Date of maturity of bond _____

*7. Tangible net worth *(if any portion of the closure or postclosure cost estimates is included in "total liabilities" on your financial statements you may add that portion to this line)* $_____

*8. Total assets in the United States *(required only if less than ninety (90) percent of assets are located in United States.)* $ _____

*9. Ten (10) percent of equity $ _____

(Answer yes or no to questions 10 through 14.)

10. Is line 1 less than line 9? If not, the test fails for liability coverage *(Complete form DEP-6035F for closure and/or postclosure.)* _____

11. Is line 7 at least $10 million? _____

12. Is line 7 at least six (6) times line 3? _____

*13. Are at least ninety (90) percent of assets located in the United States? If not complete line 14.

_____

14. Is line 8 at least six (6) times line 3? _____

I hereby certify that the wording of this letter is identical to the wording specified in 401 KAR 34:080 as such regulations were constituted on the date shown immediately below.

Signature: _____

Name *(typed)*: _____

Title *(typed)*: _____

Date *(typed)*: _____

DEP-6035G, effective 2/10/94

(Note: Attach (1) a copy of the independent CPA's report on examination of the year-end financial statements and (2) the special report from the independent CPA to the owner or operator stating that he has compared the data in this letter to the year-end financial statements and he has no reason to adjust the data. See 401 KAR 34:090 Section 8(3)(b) & (c); 401 KAR 34:100 Section 8(3)(b) & (c); 401 KAR 34:120 Section 6(3)(b) & (c); 401 KAR 35:090 Section 7(3)(b) & (c); 401 KAR 35:100 Section 7(3)(b) & (c); and 401 KAR 35:120 Section 6(3)(b) & (c). Note: Use of this form required by 401 KAR 34:080.)