

NOTICES OF FINAL RULEMAKING

The Administrative Procedure Act requires the publication of the final rules of the state's agencies. Final rules are those which have appeared in the *Register* first as proposed rules and have been through the formal rulemaking process including approval by the Governor's Regulatory Review Council. The Secretary of State shall publish the notice along with the Preamble and the full text in the next available issue of the *Register* after the final rules have been submitted for filing and publication.

NOTICE OF FINAL RULEMAKING

TITLE 9. HEALTH SERVICES

CHAPTER 13. DEPARTMENT OF HEALTH SERVICES HEALTH PROGRAMS SERVICES

PREAMBLE

1. Sections Affected

Rulemaking Action

Article 8	Repeal
Article 9	Repeal
R9-13-901	Repeal
R9-13-1004	Repeal
R9-13-1103	Repeal
R9-13-1105	Repeal
Article 13	Repeal
R9-13-1301	Repeal
R9-13-1302	Repeal
R9-13-1303	Repeal
Article 14	Repeal
R9-13-1401	Repeal
R9-13-1402	Repeal
R9-13-1403	Repeal
R9-13-1404	Repeal
R9-13-1405	Repeal
R9-13-1406	Repeal
R9-13-1407	Repeal
R9-13-1408	Repeal
R9-13-1409	Repeal
R9-13-1410	Repeal
R9-13-1411	Repeal
R9-13-1412	Repeal
R9-13-1413	Repeal
R9-13-1414	Repeal
R9-13-1415	Repeal

2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Authorizing statutes: A.R.S. §§ 36-2202(A)(4), and 36-2209(A)(2)

Implementing statutes: A.R.S. §§ 36-2202(A)(3) and (4), and 36-2209(A)(2)

3. The effective date of the rules:

February 13, 2001

4. A list of all previous notices appearing in the Register addressing the final rule:

Notice of Rulemaking Docket Opening: 6 A.A.R. 4045, October 20, 2000

Notice of Proposed Rulemaking: 6 A.A.R. 4356, November 24, 2000

5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

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6. An explanation of the rule, including the agency's reasons for initiating the rule:

The rulemaking repeals Articles and Sections in 9 A.A.C. 13 whose subject matter is outdated, already provided for in 9 A.A.C. 25, or added in 9 A.A.C. 25 under separate rulemaking.

Article 8. Basic Emergency Medical Technician Certification: R9-13-801, R9-13-802, and R9-13-806 were repealed effective June 1, 2000. Therefore, the Article label is repealed.

Article 9. Ambulance Attendant Certification: The Department does not require a separate certification for ambulance attendants. Since A.R.S. § 36-2201(4) requires that ambulance attendants be certified emergency medical technicians, licensed physicians, licensed professional nurses, or trained first responders, it is unnecessary to impose additional certification requirements on these regulated professionals. The general regulation of emergency medical technicians acting as ambulance attendants is provided for in 9 A.A.C. 25. Because R9-25-901 is not necessary and R9-13-902 is expired, the Article label and R9-25-901 are repealed.

Water Ambulance Services: R9-13-1004 establishes the general responsibilities of water ambulance services, and R9-13-1105 establishes water ambulance design requirements. Since these rules were originally adopted in 1983, there have been no water ambulance services subject to licensure under 9 A.A.C. 13. Therefore, the rules are not necessary and are repealed.

Ground (Surface) Ambulance Services: R9-13-1103 establishes ground ambulance design requirements, and R9-13-1401 through R9-13-1415 establish the requirements for the ground ambulance certificate of necessity and the ground ambulance service rates and charges and contracts. These rules, which were originally adopted in 1983 and 1984, are outdated, do not accurately reflect industry standards, and do not meet rulemaking requirements. Therefore, the Department has repealed these rules and replaced them with new ground ambulance service rules added in 9 A.A.C. 25 as part of a separate rulemaking package.

ALS Base Hospital/IEMT Certification: R9-13-1301 through R9-13-1303 establish requirements for the certification of health care institutions as advanced life support base hospitals authorized to provide medical direction for pre-hospital intermediate emergency medical technicians. These rules, which were originally adopted in 1983, were replaced in 1996 with new rules added in 9 A.A.C. 25, Article 2. These new rules established one advanced life support base hospital certification category that authorizes the hospital to provide both pre-hospital intermediate and pre-hospital paramedic medical direction. Because 9 A.A.C. 13, Article 13 is not necessary and is not enforced, it is repealed.

7. A reference to any study that the agency relied on in its evaluation of or justification for the rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study and other supporting material:

Not applicable

8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

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

This rule package is exempt from the need for an economic, small business, and consumer impact summary under A.R.S. § 41-1055(D)(3).

10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

The stricken rule text was replaced with only stricken headings at the request of the staff of the Governor's Regulatory Review Council. No other changes have been made in the text of the adopted rules from that contained in the Notice of Proposed Rulemaking filed with the Secretary of State on November 24, 2000.

11. A summary of the principal comments and the agency response to them:

None

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

13. Incorporations by reference and their location in the rules:

None

14. Was the rule previously adopted as an emergency rule?

No

15. The full text of the rules follows:

TITLE 9. HEALTH SERVICES

**CHAPTER 13. DEPARTMENT OF HEALTH SERVICES
HEALTH PROGRAMS SERVICES**

~~ARTICLE 8. BASIC EMERGENCY MEDICAL TECHNICIAN CERTIFICATION REPEALED~~

R9-13-801: Scope Repealed

R9-13-802: Authorized Treatment Activities Repealed

R9-13-806: Suspension and Revocation Repealed

~~ARTICLE 9. AMBULANCE ATTENDANT CERTIFICATION REPEALED~~

R9-13-901: Certification of ambulance attendants Repealed

ARTICLE 10. AMBULANCE SERVICE LICENSURE

R9-13-1004: Water ambulance service general responsibilities Repealed

ARTICLE 11. AMBULANCE REGISTRATION CERTIFICATE

R9-13-1103: Surface ambulance design requirements Repealed

R9-13-1105: Water ambulance design requirements Repealed

~~ARTICLE 13. ALS BASE HOSPITAL/IENT CERTIFICATION REPEALED~~

R9-13-1301: Supporting service agreements Repealed

R9-13-1302: Responsibilities and requirements Repealed

R9-13-1303: Suspension and revocation Repealed

~~ARTICLE 14. REGULATION OF AMBULANCES AND AMBULANCE SERVICES REPEALED~~

R9-13-1401: Definitions Repealed

R9-13-1402: Application for Certificate of Necessity Repealed

R9-13-1403: Hearings; general provisions Repealed

R9-13-1404: Certificate of Necessity; term; posting; general provisions Repealed

R9-13-1405: Transfer of ambulance service Repealed

R9-13-1406: Suspension and revocation Repealed

R9-13-1407: Abandonment or discontinuance of service Repealed

R9-13-1408: Rates and charges; exemption; rate increase; filing and posting of schedule Repealed

R9-13-1409: Insurance or financial responsibility Repealed

R9-13-1410: Required records; reports and data; inspection Repealed

R9-13-1411: Recordkeeping methods and accounts Repealed

R9-13-1412: Fees for copying; fees not refundable Repealed

R9-13-1413: Inspections Repealed

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R9-13-1414: Reports Repealed

R9-13-1415: Miscellaneous Repealed

ARTICLE 8. BASIC EMERGENCY MEDICAL TECHNICIAN CERTIFICATION REPEALED

R9-13-801: Scope Repealed

- ~~A.~~ The rules in this Article provide for the certification of basic emergency medical technicians. Persons certified as basic emergency medical technicians are authorized to provide emergency medical care to the sick and injured as provided in A.R.S. § 36-2201 et seq. and this Article.
- ~~B.~~ This Article applies only to basic emergency technicians for whom current certification began before the effective date of this Section.
- ~~C.~~ This rule is repealed on June 1, 2000.

R9-13-802: Authorized Treatment Activities Repealed

- ~~A.~~ Persons certified as basic emergency medical technicians (EMT's) shall be competent in the recognition, assessment, and management of emergency medical situations; performance of basic life support; extrication; coordination with agencies involved in patient care and transportation; documentation and communication of pertinent medical information; and maintenance and preparation of emergency care equipment and supplies.
- ~~B.~~ For the purpose of carrying out the competencies described in subsection (A), the certified basic EMT is authorized to perform the following activities:
 - ~~1.~~ Recognize emergencies of the following general activities:
 - ~~a.~~ Medical.
 - ~~b.~~ Environmental.
 - ~~c.~~ Obstetrical.
 - ~~d.~~ Traumatic.
 - ~~e.~~ Surgical.
 - ~~2.~~ Obtain and interpret diagnostic signs and symptoms.
 - ~~3.~~ Perform basic cardiac life support.
 - ~~4.~~ Control hemorrhage and bandage wounds.
 - ~~5.~~ Stabilize and splint fractures.
 - ~~6.~~ Administer oxygen.
 - ~~7.~~ Care for behavioral emergencies.
 - ~~8.~~ Assist in childbirth.
 - ~~9.~~ Extricate, lift, move, position, and otherwise handle patients to minimize discomfort and additional injury.
 - ~~10.~~ Apply Medical Anti-Shock Trousers (MAST).
- ~~C.~~ A certified BEMT shall be authorized by the Department to use automatic/semiautomatic defibrillation under the following conditions:
 - ~~1.~~ Be employed by an emergency medical services provider which is offering such procedure and has a written and signed provider agreement with an ALS base hospital medical director to provide training and medical control for the BEMT;
 - ~~2.~~ Have a certificate of training and proficiency for automatic/semiautomatic defibrillation issued by the ALS base hospital medical director responsible for such training;
 - ~~3.~~ Only use the type of automatic/semiautomatic defibrillator on which the person has been trained; and
 - ~~4.~~ Pass a written examination administered by the Department with a passing score of 75%. Unless the BEMT passes the test within 1 year after successfully completing the training program required by subsection (C)(2), the BEMT shall repeat the training program.
- ~~D.~~ This rule is repealed on June 1, 2000.

R9-13-806: Suspension and Revocation Repealed

- ~~A.~~ After notice and opportunity to be heard is given according to the procedures described in A.R.S. Title 41, Chapter 6, Article 1 and in 9 A.A.C. 1, Article 1, certification may be suspended or revoked upon the following grounds:
 - ~~1.~~ That the EMT has in any way falsified any document provided to the Department for the purpose of evaluation or certification.
 - ~~2.~~ That the EMT has failed to conform with the applicable requirements of A.R.S. Title 36, Chapter 21.1, Article 1 or the rules in this Article.
 - ~~3.~~ That the EMT is incompetent, has engaged in unprofessional conduct, or is physically or mentally unable to safely engage in the rendition of services. Examples of the foregoing include:
 - ~~a.~~ Addiction to drugs including alcohol.
 - ~~b.~~ Conviction of a felony.
 - ~~c.~~ Professional discipline in another jurisdiction.

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- B.** If, in the opinion of the Director, there is sufficient information indicating that the EMT has engaged in the activities described in subsection (A), the Director may request an informal interview with the EMT concerned. If the EMT refuses such invitation or if the results of such interview indicate suspension or revocation of certification might be in order, then a complaint may be issued and a formal hearing may be held in compliance with A.R.S. Title 41, Chapter 6, Article 1 and 9-A.A.C. 1, Article 1.
- C.** This rule is repealed on June 1, 2000.

ARTICLE 9. AMBULANCE ATTENDANT CERTIFICATION REPEALED

~~R9-13-901. Certification of ambulance attendants Repealed~~

- A.** A person who is a certified emergency medical technician as defined in A.R.S. § 36-2201 and is 18 years of age or older is deemed to be a certified ambulance attendant under A.R.S. § 36-2202. A person not so certified will not be certified as an ambulance attendant.
- B.** The term of a person's ambulance attendant certification is deemed concurrent with the person's emergency medical technician certification.

ARTICLE 10. AMBULANCE SERVICE LICENSURE

~~R9-13-1004. Water ambulance service general responsibilities Repealed~~

- A.** Water ambulance services shall not be utilized for transporting patients in need of Advanced Life Support services.
- B.** Patients in need of Advanced Life Support services shall be taken to the nearest level shore or roadway for continuous transportation by ALS air or surface ambulance.
- C.** All water ambulances shall comply with the Boating Code, A.R.S. §§ 5-301 through 5-391, and the provisions of The Arizona Game and Fish Boating rules, A.C.R.R. R12-4-501 through R12-4-599, and the following additional requirements:
1. The ambulance shall be at least 20 feet in length and 8 feet in width.
 2. The ambulance shall have life preservers, type 1, for each person.
 3. Patient's shall be transported in a litter that is equipped with flotation devices approved by the U.S. Coast Guard.
 4. The ambulance shall have two type 2 hand portable fire extinguishers on board.

ARTICLE 11. AMBULANCE REGISTRATION CERTIFICATE

~~R9-13-1103. Surface ambulance design requirements Repealed~~

In addition to the design requirements stated in R9-13-1102, surface ambulances shall meet or exceed the following minimum requirements:

1. The ambulance shall assure a smooth, stable ride, with nominal noise and vibration; with due consideration of road conditions. The ambulance shall be capable of rapid response and maximum acceleration to speed limits consistent with ambulance operation in traffic and on interstate highways.
2. The ambulance shall be capable of being driven for at least 150 miles without refueling under encountered environmental conditions.
3. The entire body, sides, ends and roof of the patient's compartment shall be insulated and sealed to reduce condition of heat or cold and to minimize external noise or contaminants from entering the ambulance interior.
4. Carbon monoxide (CO) levels within the cab or patient compartment of the ambulance shall not exceed a level greater than ten ppm above the ambient CO in the air.
5. The tires shall be of the same type, style, design, size and load range and may be tube or tubeless with regular highway tread or oversize, low pressure design, offering optimal riding quality. Tires shall have a tread groove pattern depth of at least 4/32 of an inch when measured in a major treadgroove.
6. Each ambulance shall have one inflated spare wheel/tire assembly identical to those on the ambulance.
7. Each ambulance shall be furnished with tools required for changing spare mounted wheel/tire assembly, at any wheel with the tire flat. The jack, without blocking shall be capable of raising any wheel of the loaded ambulance to a height adequate to permit removal and replacement of the wheel/tire assembly.
8. Each ambulance shall be equipped with brakes in accordance with A.R.S. § 28-952.
9. Each ambulance shall be equipped with a horn and siren in accordance with A.R.S. § 28-954.
10. Each ambulance shall be equipped with a muffler in accordance with A.R.S. § 28-955. The exhaust shall discharge away from the fuel tank filler pipe(s) and door(s) to minimize fumes and contaminants entering the interior.
11. Each ambulance shall be equipped with rear vision mirrors in accordance with A.R.S. § 28-956.
12. Each ambulance shall be equipped with a windshield and windshield wipers in accordance with A.R.S. §§ 28-957 and 28-957.01. The windshield wiper system will include a water supply sufficient to maintain a clear windshield during transport of a patient.
13. The patient compartment of the ambulance shall be sufficient in size to transport occupants and accommodate all the stretchers, cots, and litters which the ambulance is designed to carry. There shall be space to permit a technician to administer life support treatment to at least one patient during transit.

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- ~~14. Each ambulance shall provide a crash stable side or center mounting style fastener of the quick release type which shall secure the litter to the ambulance body.~~
- ~~15. Each ambulance shall provide adequate storage area or securing devices to prevent items from flying about the patient compartment while the ambulance is in motion or overturned.~~
- ~~16. The interiors of each ambulance shall be free of all sharp projections. All hangers or supports for equipment and devices shall be mounted as flush as possible with the surrounding surface when not in use. Padding shall be placed at all head area obstructions which may prove dangerous to persons moving about in the patient compartment.~~

R9-13-1105. Water ambulance design requirements Repealed

All water ambulances shall:

- ~~1. Be of such design to permit safe operation of devices such as litters, stretchers, stokes basket, etc., entering or exiting the watercraft.~~
- ~~2. Be of such design that hull vibration and engine noise will not affect the patient or patient care.~~
- ~~3. Be equipped with a separate electrical driven motor and electrical system for emergency power if the main power source fails.~~
- ~~4. Have an electrical system capable of supporting any auxiliary equipment on, or in, the water ambulance without the threat of overload or system failure.~~

ARTICLE 13. ALS BASE HOSPITAL/IEMT CERTIFICATION REPEALED

R9-13-1301. Supporting service agreements Repealed

- ~~A. A health care institution applying for certification as an ALS base hospital/IEMT shall provide for IEMT staffing through one of the following procedures:~~
- ~~1. The health care institution shall employ and pay wages or salaries of IEMT's through its regular payroll procedures.~~
 - ~~2. The health care institution shall provide, through a written agreement with an agency authorized to provide IEMT services pursuant to A.R.S. § 36-2201, for both on-line medical supervision and administrative medical direction of IEMT's employed by such agency.~~
- ~~B. A health care institution applying for certification as an ALS base hospital/IEMT shall submit to the Department written documentation that:~~
- ~~1. An emergency vehicle unit will be available whenever possible, staffed by IEMT's for the purpose of delivering emergency medical care to the sick and injured at the scene of an emergency. Such vehicle need not be physically based at the ALS base hospital/IEMT.~~
 - ~~2. Emergency vehicle units assigned to the applicant ALS base hospital/IEMT shall not be assigned concurrently to any other facility for administrative medical direction of the IEMT's staffing the unit.~~
 - ~~3. On-line medical supervision will be exercised according to specific procedures consistent with these regulations.~~
 - ~~4. When ALS skills have been instituted, an IEMT will remain with the patient until transfer of care to the staff of an emergency receiving facility, ALS base hospital/IEMT, or another comparably staffed ALS equipped emergency vehicle unit.~~
 - ~~5. There will be prompt replenishment of, and compensation for, medical and pharmacy supplies expended by IEMT's during treatment of a patient who is transported to any facility.~~
 - ~~6. All individuals who function as the ALS base hospital/IEMT medical control authorities or intermediaries receive at least 24 hours per year experience on emergency vehicle units in order to gain pre-hospital experience, to observe pre-hospital conditions and procedures.~~
 - ~~7. On-going evaluation, monitoring, and continuing education of IEMT's is provided by the ALS base hospital/IEMT and its medical control authorities.~~
- ~~C. A health care institution applying for certification as an ALS base hospital/IEMT may enter into agreements with ALS system hospitals for the administrative medical direction of IEMT's assigned to the applicant for on-line medical supervision. Such agreements shall provide that all on-line supervision of IEMT's shall be accomplished by the applicant facility and shall also provide for:~~
- ~~1. Assignment of IEMT emergency vehicle units to ALS system hospitals for purposes of monitoring continuing education, and pre-hospital care review.~~
 - ~~2. Appointment of pre-hospital care medical director and registered nurse coordinator from the ALS system hospital who are responsible for supervising pre-hospital activities.~~
 - ~~3. Prompt replenishment of ALS supplies and medications at the ALS system hospital.~~
 - ~~4. Participation by the ALS system hospital medical director as a member of applicant facility's pre-hospital care committee.~~
 - ~~5. A physician to be present and ready to assume patient responsibility in the ALS system hospital emergency department within 15 minutes of notification.~~
 - ~~6. Adherence by the ALS system hospital to medical control plans adopted by the ALS base hospital/IEMT and the local EMS coordinating system.~~

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~~R9-13-1302. Responsibilities and requirements~~ Repealed

- ~~A.~~** An applicant for certification as an ALS base hospital/IEMT shall:
- ~~1. Submit a written endorsement of the hospital's application by the hospital's governing board or board of trustees which reflects the consideration of the medical staff, including the emergency department medical director.~~
 - ~~2. In regions where a local emergency medical services coordinating system has been designated, submit written documentation of that system, which includes comments on the appropriateness of the application in regards to that system's plan for medical control of advanced life support.~~
- ~~B.~~** Staffing requirements. ALS base hospitals/IEMT shall:
- ~~1. Have physically present at all times in the emergency department, an emergency physician who functions as the medical control authority:~~
 - ~~a. Such physician shall be knowledgeable of the capabilities and limitations of IEMT's, as well as established standing orders, treatment, triage, and communications protocols.~~
 - ~~b. The emergency physician shall designate an emergency department nurse or emergency physician's assistant who may function as an intermediary for on-line medical supervision under the direction of the emergency physician.~~
 - ~~2. Identify as ALS base hospital/IEMT medical director an emergency physician who is responsible for administrative medical direction of the IEMT base and pre-hospital care personnel.~~
 - ~~3. Appoint an emergency physician, emergency department nurse, certified emergency paramedic or emergency physician's assistant to act as coordinator for all ALS pre-hospital activities and responsibilities of the ALS base hospital/IEMT.~~
- ~~C.~~** Operating procedures. An ALS base hospital/IEMT shall:
- ~~1. Procure operational radio equipment, compatible with the Department of Public Safety Statewide EMS Communications Systems and any local EMS communications system approved by the Department of Public Safety. Such equipment shall be located in the emergency department for the purpose of providing direct communication with IEMT's.~~
 - ~~2. Provide a dedicated telephone line for pre-hospital emergency care personnel to contact the ALS base hospital/IEMT's.~~
 - ~~3. Immediately communicate all pertinent patient management information to the responsible physician or nurse at the receiving facility when a patient is to be transported to another receiving facility. If the receiving facility is also a certified ALS base hospital/IEMT, care of the patient and direct communication with IEMT's rendering that care may be transferred to the receiving medical control authority at the discretion of the sending medical control authority.~~
 - ~~4. Utilize and adhere to the medical control plans adopted by the local EMS coordinating system. In regions where no medical control plans have been adopted, plans provided by the Department at the recommendation of the Emergency Medical Services Council shall be utilized. The medical control plans shall include standing orders and shall include the following:~~
 - ~~a. Treatment protocols.~~
 - ~~b. Triage protocols.~~
 - ~~c. Communication protocols.~~
- ~~D.~~** Quality control and education commitment. An ALS base hospital/IEMT shall:
- ~~1. Provide for supervised clinical training for IEMT continuing education.~~
 - ~~2. Assist with, or conduct, continuing education programs as required for IEMT recertification.~~
 - ~~3. Provide monthly a minimum of two hours of formal pre-hospital care review and pre-hospital care continuing education for emergency physicians, nurses, and IEMT's.~~
 - ~~4. Appoint a pre-hospital care committee consisting of a representative of the ALS base hospital/IEMT medical director, the ALS base hospital/IEMT coordinator, an emergency physician, an emergency department registered nurse, an administrative representative, an IEMT, and an IEMT employer representative. This committee shall:~~
 - ~~a. Ensure that the medical, administrative, emergency physician, and nursing staffs are oriented to the program.~~
 - ~~b. Establish and implement a system for evaluating the results of IEMT responses and auditing the quality of medical care provided.~~
 - ~~c. Establish and implement a system for identifying continuing educational needs of IEMT's.~~
 - ~~d. Assure case reviews of every IEMT encounter carried out under on-line medical supervision.~~
 - ~~e. Establish and implement a written procedure which will identify methods for resolving problems which may arise concerning the performance, competence, and medical inter-relationships of IEMT's, emergency physician's assistants, emergency department nurses, and emergency physicians.~~
- ~~E.~~** Reporting requirements. An ALS base hospital/IEMT shall:
- ~~1. Submit monthly reports and requested information to the Department on forms approved by the Department.~~
 - ~~2. Cooperate with and assist the Department in collecting statistics and evaluating performance and costs relating to utilization of IEMT's.~~
- ~~F.~~** Term of certification and recertification

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1. Application for certification and recertification as an ALS base hospital/IEMT shall be made to the Department on forms specified by the Department.
2. Certification as an ALS base hospital/IEMT shall be for a period of two years provided that the conditions of A.R.S. § 36-2201 et seq. and this Article are met throughout the certification period.
3. Application for recertification shall be submitted at least 90 days prior to the expiration date of the current certification.

R9-13-1303. Suspension and revocation Repealed

- A.** After notice and opportunity to be heard is given according to the procedures described in A.R.S. Title 41, Chapter 6, Article 1 and in Chapter 1, Article 1 of this Title, certification may be suspended or revoked upon the following grounds:
1. That the ALS base hospital/IEMT has in any way provided false information to the Department for the purpose of evaluation or certification.
 2. That the ALS base hospital/IEMT has failed to conform with the applicable requirements of A.R.S. Title 36, Chapter 21.1, Article 1 or the regulations in this Article.
- B.** If, in the opinion of the Director, there is sufficient information indicating that the ALS base hospital/IEMT has engaged in the activities described in subsection (A), the Director may request an information interview with the medical director of the ALS base hospital/IEMT concerned. If he refuses such invitation, or if the interview is attended and if the results of such interview indicate suspension or revocation of certification is warranted, then proceedings may be initiated as provided by A.R.S. Title 41, Chapter 6, Article 1 and Chapter 1, Article 1 of this Title.

ARTICLE 14. REGULATION OF AMBULANCES AND AMBULANCE SERVICES REPEALED

R9-13-1401. Definitions Repealed

- A.** When used in this Article, words defined in A.R.S. § 36-2201 and in R9-13-1401, shall have the same meaning herein.
- B.** In this Article, unless the context otherwise requires:
1. "Affected region" means the total geographical area of the service areas of all ambulance services that operate within or adjacent to the service area concerned.
 2. "Air ambulance" means an ambulance that is designed and manufactured to travel by air, and includes fixed-wing aircraft and helicopters.
 3. "Applicant" means the person seeking a Certificate of Necessity under this Article.
 4. "Base rate" means a flat rate charge based on level of service performed by a land or water ambulance service.
 5. "Central operations station" means the physical facility or airport at which an ambulance service conducts its principal, or most substantial part of its ambulance service operations within the service area granted under its Certificate of Necessity.
 6. "Certificate holder" means the person to whom a Certificate of Necessity is issued.
 7. "Certificate of Necessity" means a certificate issued to an ambulance service by the Department pursuant to Article 2, Chapter 21.1 of Title 36, Arizona Revised Statutes which describes, but is not limited to, its service area, central operations station, and any sub-operations station.
 8. "Change" means an action or occurrence by which a situation relevant to licensure has become distinctly and materially different so that it can reasonably be expected that the ambulance service does not or will not conform to the conditions of its current Certificate of Necessity.
 9. "Change of service area of sub-operation station" means a change involving a relocation of ambulances, related equipment, and personnel housed at one location for housing at another location so that it is no longer possible for the ambulance service making the change to conform to the conditions of its Certificate of Necessity regarding its designated service area.
 10. "Communications base" means the location at which equipment is housed for use in two-way communications with ambulance or medical facilities and which controls the dispatch of ambulances and personnel of an ambulance service.
 11. "Disaster" means a sudden major catastrophe or emergency or other temporary condition determined to have resulted or to be likely to result in such widespread damage and such mass casualties or threats to the health and safety of members of the public that available ambulance services cannot reasonably be considered adequate to respond to the emergency needs of the affected public.
 12. "Mileage charge" means the rate assessed by a surface or water ambulance service, measured in miles from the point at which the ambulance receives the patient to the point of final destination (loaded miles). When charges are to be computed for part of a mile, a fraction of a mile of 4/10 or less will be rounded off to the last whole mile and a fraction of a mile of 5/10 or more will be rounded off to the next whole mile.
 13. "Patient" means an individual who is sick, injured, wounded or otherwise incapacitated or helpless.
 14. "Response Time" means the actual elapsed time between notification of a request for service by an ambulance service and the arrival of the ambulance at the point of patient origin.
 15. "Service area" means the geographic area served by an ambulance service within the response times established and which the ambulance service has been granted authority to serve in its Certificate of Necessity.

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16. "Stand-by rate or waiting charge" means the rate assessed by a surface or water ambulance service, on an hourly basis or fraction thereof, when a surface or water ambulance is held in excess of 15 minutes to load or 15 minutes to unload or for the convenience of the patient or for other authorized reasons through no fault of the ambulance service or except as may be otherwise defined by a contract between the ambulance service and the patient or his third party payor.
17. "Sub-operation station" means a physical facility or airport at which an ambulance service conducts operations for the dispatch of ambulances and personnel, other than at its central operations station, and which is within its service area granted under its Certificate of Necessity.
18. "Variance" means permission granted by the Department, for a time limited period not exceeding 120 days, to comply in a manner other than that generally specified in a specific regulation.
19. "Waiver" means permission granted by the Department not to comply with a specific regulation.

~~R9-13-1402. Application for Certificate of Necessity Repealed~~

~~A.~~ Initial application. Each applicant for a Certificate of Necessity shall file an application with the Department in duplicate on a form prescribed and provided by the Department, which shall include, at a minimum, the following categories of information to allow a determination if public necessity requires the service or any part of the service proposed, if response times are adequate, and if proposed rates and charges are reasonable:

1. The names, addresses, and telephone numbers of the following:
 - a. Applicant (who shall be the owner of the ambulance service or an individual to whom he has given a power of attorney to apply for a Certificate of Necessity or other related ambulance service matters).
 - b. If a corporation, the principal stockholders (10% or more stock).
 - c. All officers, if a corporation.
 - d. Individual who maintains or will maintain books, records, and other data.
 - e. Medical director or medical advisor of the service and base hospital or affiliated medical facility, if any, if IEMT or ALS level service will be offered.
2. Type of business (individual, partnership, corporation, other — specify).
3. The type and identification of the entity responsible for operation, if different from ownership.
4. The trade name or other name, if any, under which the applicant does business or proposes to do business.
5. The address of the central operations station and any sub-operation station(s).
6. A declaration and complete description of all of the geographic boundaries of the proposed area that the applicant intends to serve as an ambulance service and for which it seeks authority. Such a service area may contain one or more sub-operation stations within its proposed geographic service area. An applicant shall affirmatively substantiate the reasonableness of the service area for which approval is sought according to the following considerations:
 - a. The average and maximum probable response time in good and severe weather from its proposed central operations station to the most distant boundary in its service area; or, if the applicant's service area is to contain one or more sub-operation stations, the average and maximum probable response time in good and severe weather from its central operations station within its service area and any sub-operation station to the points most distant from any operation station, central or sub.
 - b. The projected distances to be traveled to provide such service.
 - c. If other ambulance service providers already operate in all or part of the service area requested in the application, the applicant shall also file a statement describing why the proposed service would be in the best interest of the public.
 - d. The statement required by subparagraph (c) shall be complete, and it shall be prepared with the objective of realistically informing the Department.
7. Back-up coverage, including reserve ambulance(s) available to the applicant, and any signed mutual aid agreements with neighboring providers.
8. Actual past and estimated future utilization of ambulances, related equipment and personnel.
9. The location of the communications base and a description of the communications equipment in the applicant's ambulances and in its communications base.
10. A listing and description of all ambulances to be used by the ambulance service.
11. Basic actual or estimated financial data, including:
 - a. Balance sheet, operating or income statement, and a statement of changes in financial position.
 - b. Revenue or income (Actual and in-kind).
 - c. Actual or projected schedule of rates and charges.
 - d. Sources of revenue by type.
 - e. Expenses by category.
 - f. Listing of all capitalized ambulance equipment (depreciation schedule).
 - g. Copies of ambulance service contracts and subscription service contracts.
 - h. Purchase or lease agreements on real estate, ambulances, and equipment items exceeding \$5,000.00.
 - i. Copies of federal and state grants or contracts.

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- j. ~~Other sources and amounts of financial assistance.~~
- k. ~~Copies of insurance policies.~~
- l. ~~Balance sheet and income statement on other affiliated business activities when they relate directly or indirectly to ambulance service operations.~~
- 12. ~~Statement by applicant as to work experience and qualifications to operate an ambulance service and to why the Department should find that applicant to be a fit and proper person.~~
- 13. ~~Statement by applicant if ever convicted of a felony or a misdemeanor involving moral turpitude or if applicant has ever had an ambulance service certificate or license suspended or revoked by any state or municipality. If "yes" to any of these items, provide an explanation in the statement.~~
- B.** ~~Change of service application. Each applicant requesting a change in its approved service area, central operations station or any sub-operation station or the establishment of a new sub-operation station shall include, at a minimum, the following additional categories of information:~~
 - 1. ~~A description and justification of the proposed change in service area, central operations station or sub-operation station or any new sub-operation station.~~
 - 2. ~~A description of the geographic features of the service area that have a direct bearing on the proposed service or modified service.~~
 - 3. ~~A statement of all costs associated with the change(s) requested, including any capital costs, operating costs, equipment or personnel costs, projected patient charges for at least one year, and any other related information or data.~~
- C.** ~~Renewal application~~
 - 1. ~~The Department will notify the ambulance service of the need to renew its Certificate of Necessity approximately 100 days prior to the expiration date of the then current Certificate of Necessity. Renewal applications shall be submitted on a form prescribed and provided by the Department.~~
 - 2. ~~The ambulance service shall file the renewal application with any required exhibits and fees at least 60 days prior to the expiration date of the Certificate of Necessity to be renewed in order to allow for needed processing and review by the Department.~~
 - 3. ~~If an ambulance service fails to file a timely application for renewal of its Certificate of Necessity or is not granted a renewal Certificate of Necessity, it shall cease all ambulance service operations in this state on and after the expiration date of its Certificate of Necessity. To commence operations again, an ambulance service must file a new application, pay required fees, and meet all other requirements for a Certificate of Necessity as though the owner were an original applicant before the Department.~~
- D.** ~~Applicants will be required to furnish such other information as may be needed by the Department to clarify incomplete or ambiguous information contained in the application or in any documents filed with the application.~~
- E.** ~~The application shall contain or be accompanied by a written declaration that it, and any documents filed with the application, is made under penalties of perjury.~~
- F.** ~~The ambulance service applicant shall pay those fees specified in A.R.S. § 36-2240 to the "Arizona Department of Health Services" by certified funds (money order, cashier's check, bank draft), at the time an application is filed.~~
- G.** ~~If the Department determines that an applicant has failed to reasonably comply with filing requirements, the Department shall either:~~
 - 1. ~~Dismiss the application by written order and state its reasons therein, or~~
 - 2. ~~Return the application and any documents filed with the application, with a statement containing its reasons therefor, and allow the applicant a reasonable period of time within which to comply, but not to exceed 30 days.~~

R9-13-1403. Hearings; general provisions Repealed

- A.** ~~All required public hearings will be conducted in accordance with A.R.S. Title 41, Chapter 6, Article 1 and Chapter 1, Article 1 of this Title.~~
- B.** ~~There will be one public hearing regarding any ambulance to ambulance service matter or action. Such hearings may continue for more than one session.~~
- C.** ~~Applications or actions regarding Certificates of Necessity of more than one ambulance service within any service area may be considered at the same public hearing.~~
- D.** ~~Any interested person, including the Department staff, may attend a hearing and offer oral or written testimony or other evidence relevant to the application or referenced in the Notice of Hearing.~~
- E.** ~~The scope of the testimony and evidence offered and questions asked shall be confined to the application of anything referenced in the Notice of Hearing.~~
- F.** ~~Decisions and orders of the Director will rest on facts and evidence presented at the hearing.~~
- G.** ~~The record of each hearing before the Department will be preserved for a period of three years and will be made available for examination upon request.~~

R9-13-1404. Certificate of Necessity; term; posting; general provisions Repealed

- A.** ~~Term~~

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1. An initial Certificate of Necessity issued to an ambulance service shall be for a term of one year and shall expire on the last day of the 12th month following the date issued.
2. If the holder of a Certificate of Necessity timely applies for a renewal and has met all required conditions and paid the fees prescribed, the Director will renew the Certificate of Necessity for a term not to exceed three years, unless good cause for refusal or renewal for a shorter term has been determined by the Director.
- B.** Posting. Any Certificate of Necessity, or a copy thereof, issued by the Department, shall be posted in a conspicuous place in the central operation station and any sub-operation station of the ambulance service.
- C.** General provisions
 1. One Certificate of Necessity will be issued to an ambulance service for each service area and for each sub-operation stations within the service area granted by the Director.
 2. A Certificate of Necessity is valid when signed by the Director and on the date shown on its face.
 3. Every Certificate of Necessity issued by the Department will identify the approved service area, central operations station, and any sub-operation station(s). No ambulance service shall expand its service area, change its central operations station and any sub-operation station, or establish any new sub-operation station without the prior approval of the Department and the issuance of a new or amended Certificate of Necessity. Failure to comply with this provision may result in an action to cancel the Certificate of Necessity.
 4. The Department may issue a Certificate of Necessity as applied for, or may issue it for only part of the ambulance service proposed, as determined necessary by the Director.
 5. A new or an amended Certificate of Necessity will be issued by the Department following an approval of any matters relating to service area, central operations station or sub-service area stations.
 6. The Director may issue a Certificate of Necessity to more than one ambulance service within the same service area if the Director deems that such action is in the public's best interest. In doing so, factors which the Director may consider include:
 - a. Application and any accompanying documents and statements.
 - b. Population density.
 - c. Geographic distribution of hospitals.
 - d. Number of requests for ambulance service per month within service area.
 - e. Response times.
 - f. Utilization of ambulances, support equipment and personnel.
 - g. Cost of operations and net profits.
 - h. Adequacy of existing ambulance service(s) in the service area.
 - i. Records and data on file with the Department.

R9-13-1405. Transfer of ambulance service Repealed

- A.** Whenever a transfer of an ambulance service is proposed or upon any change in type of business entity (e.g., individual to partnership or corporation; partnership to individual or corporation) or change in ownership or control of the ambulance service, a written request for approval to transfer a Certificate of Necessity shall be made to the Department together with appropriate fees and exhibits and shall be executed by both parties.
- B.** The Department will give notice of a hearing regarding any written request to transfer an ambulance service or change in type of business entity or in ownership or control of the ambulance service.
- C.** If, after hearing on a written request to transfer an ambulance service, the Director finds that the transaction proposed will be consistent with the public interest, such transfer will be approved.
- D.** If a license terminates pursuant to A.R.S. § 36-2212(C) the Certificate of Necessity issued to the current ambulance service shall remain in effect for a period, not to exceed 90 days, to allow a written request to transfer a Certificate of Necessity to be granted or denied by the Director.
- E.** When any Certificate of Necessity is approved to be transferred, the Director will issue to the transferee a new certificate that is valid only for the unexpired term of the transferred certificate.

R9-13-1406. Suspension and revocation Repealed

- A.** After notice and opportunity to be heard is given according to the procedures described in A.R.S. Title 41, Chapter 6, Article 1 and in Chapter 1, Article 1 of this Title, a Certificate of Necessity may be suspended or revoked for the following reasons:
 1. That the certificate holder has provided false information to the Department:
 - a. For the purpose of the evaluation of an application for a Certificate of Necessity.
 - b. Regarding any matters relating to its ambulance and ambulance service operations.
 2. That the certificate holder has failed to:
 - a. Conform with the applicable requirements of A.R.S. Title 36, Chapter 21.1, Articles 1 and 2 or applicable regulations in this Article.
 - b. Comply with its Certificate of Necessity and any schedule of rates and charges filed with and approved by the Department.

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- e. Meet its established response times.
- d. Maintain required insurance or financial responsibility.
- e. Submit prescribed reports on a timely basis.

B. Before a person may commence operations again, after revocation of a Certificate of Necessity by the Department, for whatever valid reason, the person shall file an application, pay required fees, and meet any other requirements of the Article the same as though the owner were an original applicant before the Department requesting authority to operate an ambulance service in this state.

R9-13-1407. Abandonment or discontinuance of service Repealed

A. An ambulance service desiring to abandon or discontinue any service or portion thereof, shall submit a written request to the Department which shall state in detail the justification for the proposed abandonment or discontinuance of ambulance service.

B. The Department will not authorize abandonment or discontinuance of an ambulance service or any portion thereof except for good cause or where services to the public will not be adversely affected.

R9-13-1408. Rates and charges; exemption; rate increase; filing and posting of schedule Repealed

A. Exemption. Air ambulance services are exempt from the filing of a schedule of rates and charges with the Department. However, as a matter of good business practices and courtesy to the public, an air ambulance service granted a Certificate of Necessity by the Department should publish and keep available to the public at its central operation station and at each sub operation station, a schedule showing its rates and charges, and any operating rules and regulations. Any such document published by an air ambulance service shall also be filed with the Department.

B. Ambulance service contracts. All contracts, except those contracts with a federal agency, regarding the providing of ambulance and ambulance service will be approved by the Director and may require a public hearing to determine or alter rates or charges, or other provisions or to determine if any rate or charge is unjust, unreasonable, or non-compensatory, unless the provisions specified in A.R.S. § 36-2234(C) or (D) apply. The Director's approval will be conditioned upon a finding that any rates or charges, or other provisions specified in the contract shall not cause any fixed rate or charge to the general public to be adversely affected.

C. Unauthorized charges or services. When complaint is made to the Department concerning any rate or charge or any rule or regulation established for any ambulance service, and after investigation the Department determines that the ambulance service has made unauthorized charges or services, the Department will request that the ambulance service make reparation to the complainant. If the ambulance service does not comply with the request of the Department, the Department may set a public hearing to determine whether the ambulance service should make reparation to the complainant and to determine if the ambulance service is fit and proper person. The provisions of this subsection also apply if, during an inspection by a representative of the Department of the records and books of an ambulance service, it is discovered that any unauthorized charges or services were provided.

D. Request for rate increase.

1. Filing of request. An ambulance service which is seeking a rate increase shall:

- a. State the reasons why the rate increase is needed and what specific areas and cost changes are involved.
- b. Bear the burden of proof as to the need for a rate increase.
- c. Provide a sworn statement that to the best of its knowledge, the financial statement, documents, or exhibits being filed are true, correct and complete and have been prepared from the books and records of the ambulance service.

2. Filing of operating statements, documents, and exhibits. Any ambulance service that requests an increase in any rate or charge in excess of the GNP Price Deflator as defined in A.R.S. § 41-563, subsection (E), shall file the following minimum financial statements and information with the Department:

- a. A balance sheet.
- b. Income statement.
- c. A statement of changes in financial position.
- d. A projected revenue and expense statement that reflects proposed increases or decreases in revenues and any known actual or substantiated projected increases or decreases in expenses.
- e. Copy of most recent audit report if the ambulance service has been audited by a Certified Public Accountant (CPA).
- f. A summary of revenue by approved rates and charges.
- g. A schedule of any other services provided by the ambulance service under the same business structure.
- h. Depreciation schedules.
- i. Net purchase cost of supplies and equipment which are generally used in an ambulance in providing treatment to patients, together with the proposed percent of markup.
- j. Any other documents or exhibits that would support the need for a rate increase.

3. Other filing provisions.

- a. The Department may request additional information and data in order for it to make a proper review, to clarify incomplete or ambiguous information, and make an informed decision.

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- b. The Department reserves the right to review and audit the financial records and books of an ambulance service.
 - e. Financial reports and information provided to the Department shall cover a one-year period and shall be filed with the Department no later than 120 days after the end of the report year utilized.
 - d. Cost increases reflected in any document or exhibit that are filed with the Department should be stated in both a dollar amount and a percentage of increase and reflect only known actual cost increase or substantiated projected increases. The Department will not give weight to any future inflationary expectations.
 - e. Should the Department request additional information and documents and the ambulance service fails to comply with the request by the set filing date, the Department will dismiss the request for a rate increase without a written order or hearing and return all filings to the ambulance service on the basis that the Department does not have sufficient information or data or that the information or data on hand is no longer current in order for the Department to make an informed decision.
- E.** Rate setting considerations. When establishing appropriate and reasonable rates and charges the Director may consider the following factors:
- 1. The necessary direct and indirect actual expenditures in providing ambulance services.
 - 2. The balance sheet.
 - 3. The income statement.
 - 4. The ratio between variable and fixed costs.
 - 5. Increases or decreases in the GNP Price Deflator (A.R.S. § 36-2234(C)(4)).
 - 6. The method of indirect cost allocation to specific cost center areas.
 - 7. The return on the owner equity.
 - 8. Reimbursable and non-reimbursable charges.
 - 9. Records and data on file with the Department.
- F.** Fixed rates or charges. The schedule of rates or charges fixed by the Director shall include the following general classifications:
- 1. Base rate for basic life support (BLS) by an ambulance service.
 - 2. Base rate for advanced life support (ALS) by an ambulance service.
 - 3. Stand-by or waiting charge.
 - 4. Mileage rate.
 - 5. Accessorial equipment service and medical supply items.
- G.** Filing of schedule of rates and charges:
- 1. An ambulance service shall file its schedule of fixed rates and charges with the Department.
 - 2. No increase shall be made by any ambulance services in any rate or charge unless and until the new fixed increases have been filed with and approved by the Department by issuance of a new or amended schedule or by page change.
 - 3. A schedule of rates and charges required to be filed under paragraphs (1) and (2) shall include, as a minimum, the following schedules, rules and regulations:
 - a. A schedule printed in legible type containing a detailed listing of all services and items for which a separate charge will be made to each patient.
 - b. A copy of all rules and regulations which may in any way change, affect or determine any part or the aggregate of the rates or charges fixed by the Director or the value of the services or supply items covered by the schedule.
 - c. Title page
 - d. Check sheet page
 - e. Table of contents page
 - f. A description of the service area, central operations station, and any approved sub-operation station, as granted by the Department.
 - g. Section on accessorial equipment service and medical supply items and their approved charges.
 - h. Section on approved ambulance service rates.
 - i. Explanation of abbreviations and reference marks page.
 - 4. The rates or charges fixed by the Director shall take effect on the date that a proper schedule or an amended schedule or page change is filed with the Department or on such later date as may be specified on the schedule. The order issued by the Department granting any increase or change will be so noted on the schedule.
 - 5. Any approved change in a schedule shall be so marked by an abbreviation or reference mark preceding or following the item.
- H.** Posting of schedules. Each ambulance service shall post and maintain at all times, for public inspection, in a conspicuous place at its central operations station and at any approved sub-operations station, a copy of the current schedule approved by the Department. The schedule must have an issue stamp of the Department to be official. When requested, the ambulance service shall assist interested persons to understand the content, provisions, and rates and charges contained in the schedule.

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R9-13-1409. Insurance or financial responsibility Repealed

- A.** To protect the interests of the public, ambulance services shall maintain at all times in force and effect minimum liability and malpractice insurance coverage of \$1,000,000.
- B.** A copy of every Certificate of Insurance or other satisfactory evidence of insurance coverage shall be filed with the Department and shall be executed by an insurance company that is authorized to transact business in this state.
- C.** The liability insurance policy or policies shall bind the insurer to pay compensation for injuries to persons and for loss or damage to property resulting from the negligent operation of an ambulance service or by reason of the ownership, maintenance or use of any ambulance owned or operated by the ambulance service.
- D.** The Director will revoke the Certificate of Necessity of any ambulance service which fails to comply with this rule or any other applicable federal or state laws regarding insurance or financial responsibility.
- E.** Before a person may commence operations again, after revocation of its Certificate of Necessity, the person shall file an application, pay required fees, and meet any other requirements of this Article the same as though the owner were an original applicant before the Department requesting authority to operate an ambulance service in this state.

R9-13-1410. Required records; reports and data; inspection Repealed

- A.** Required records
1. An ambulance service shall maintain for review and inspection by the Department, the following records, books and other data:
 - a. Balance sheet and income statement and all source documentation (business papers) supporting entries to these two financial statements.
 - b. Federal and state income tax documents and supporting records.
 - c. Employee-related expense reports and records and time-keeping records.
 - d. Bank statements and canceled checks.
 - e. Notes and bad debt records.
 - f. Depreciation schedules or accounting records on service vehicles, service support equipment, office furniture, and other plant and equipment assets.
 - g. Ambulance run tickets and related documents.
 - h. Billings and supporting documents.
 - i. Dispatch logs.
 - j. Contracts, grants, and financial assistance records relating to any and all ambulance and ambulance service operations.
 2. At each office where records are maintained or stored the records shall be arranged so that they may be readily identified and made available to the Department representative(s).
 3. Every ambulance service shall protect required records from fires, flood, and other hazards and safeguard the records from unnecessary deterioration.
 4. If any required record, book, and other data is destroyed or lost before the prescribed period, a statement shall be prepared, listing as accurately as possible, the records destroyed or lost and describing the circumstances under which they were destroyed or lost. The statement shall be certified by the owner or a principal officer of the ambulance service company.
 5. The records referred to in this regulation may not be destroyed after an ambulance service is totally discontinued and completely liquidated unless the required retention period has lapsed. If an ambulance service is merged with or transferred to another ambulance service under jurisdiction of the Department, the successor shall preserve records of the other ambulance service for the retention period specified.
- B.** Reports and data. Every ambulance service shall file with the Department reports of earnings and expenses, financial information, statistical reports and data as may be deemed necessary for purposes of evaluating the operation of ambulances and ambulance service in this state.
- C.** Inspection of records
1. When requested by the Department, an ambulance service shall provide to the Department copies of any records, books and other data in its possession, or in any way relating to or affecting its ambulance services.
 2. The Director or his appointed representative(s) may, at any time during usual business hours, inspect the records, books, accounts, papers and documents, and other data of an ambulance service to verify their truth and accuracy. If any required records are maintained outside of this state, the ambulance service shall, upon request by the Director, make the records available at a location within this state designated by the Director. If the required records are maintained outside of this state and will not be made available at the Director's designated location, the Director shall require the ambulance service to whom a reasonable records request has been made to pay in advance subsistence and travel expenses for the Director's appointed representative(s) to conduct an examination of the records.

R9-13-1411. Recordkeeping methods and accounts Repealed

- A.** Each ambulance service shall establish and maintain a uniform system and classification of accounts.

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- B.** To carry out the provisions of A.R.S. § 36-2232 et seq. and this regulation, the generally accepted accounting principles and concepts established by the American Institute of Certified Public Accountants (AICPA) or issued by the Financial Accounting Standards Board (FASB) will serve as the guide in measuring, recording, and reporting the financial affairs and activities of an ambulance service.

R9-13-1412. Fees for copying; fees not refundable Repealed

- A.** Certifications and copies. Certifications and copies of such public records and documents on file with the Department, as may be practicable to furnish, will be furnished on the following basis:
1. \$1.00 for each document to be certified.
 2. \$0.25 for each page or partial page for making copy of document, with a minimum charge of \$1.00 for such service.
- B.** Fees not refundable. After an application for a Certificate of Necessity or an application to amend, transfer or renew a Certificate of Necessity has been accepted for filing by the Department, the filing fee will not be refunded, regardless of whether the application is granted or approved, denied, dismissed, or withdrawn. However, if an application is rejected by the Department at the time of filing as incomplete or for some other reason, the fee will be returned.

R9-13-1413. Inspections Repealed

- A.** The Department may at any time and without notice inquire into the operation of an ambulance service and may conduct or cause to be conducted, on-site at any hour, inspection in all areas or matters affecting services to the public or involving the regulation of ambulances or ambulance services.
- B.** If the Department's designated representative(s) determines after an investigation or inspection that a condition or circumstance exists that constitutes a threat to public health, safety, or welfare, the Department's representative may recommend to the Director that he take action to immediately suspend the license or certificate, or both, of the ambulance service.
- C.** The Director or any designated representative shall not be denied the right to travel upon any ambulance in order to conduct an inspection of any area or matter affecting service to the public or involving the regulation of ambulances or ambulance service when such travel will not directly interfere with services or treatment to a patient.

R9-13-1414. Reports Repealed

- A.** Ambulance service dispatch logs
1. Each ambulance service shall maintain and keep current a daily ambulance service dispatch log for all ambulance calls received and shall record all information specified by the Department on a form provided or approved by the Department.
 2. The dispatch logs shall be cumulative through each month.
 3. On or before the 15th day of each month, the ambulance service shall submit a duplicate of its dispatch logs for the previous month to the Department.
- B.** Patient encounter records
1. Each ambulance service shall complete and maintain patient encounter records on a form provided or approved by the Department.
 2. A copy of each patient encounter record shall be submitted, when requested, by the Department.
- C.** Financial statements
1. Each ambulance service shall file with the Department no later than 105 days following completion of their annual accounting period financial and operating statements for the preceding accounting period or portion thereof if the ambulance service was not in operation for the full accounting period.
 2. The Department reserves the right to audit the books, papers, and financial records of an ambulance service or to request that such review be performed by an independent source at the Department's expense in order to verify the accuracy of any financial and operating statements or related reports or to obtain any required ambulance and ambulance service data.
- D.** Accidents. A report of any accidents involving an ambulance in the state which results in loss of life or injury to person(s) which requires treatment, property damage in an amount exceeding \$500.00, or which renders an ambulance incapable of operating as an ambulance shall be filed with the Department in writing within five days after the occurrence.

R9-13-1415. Miscellaneous Repealed

- A.** Notice by ambulance service of responsible officer or person.
1. Each ambulance service shall file with the Department a written statement containing the name, addresses (business, residence and post office) and telephone numbers (business and residence) of at least one officer or employee responsible for the general management of its operations at its central operations station and each approved sub-operation station.
 2. Each ambulance service shall give notice, by filing a written statement with the Department, of any change in information required herein within five days from the date of any such change.

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- B.** ~~Date of transmittal. If a report, record or remittance required by this Article to be filed with or made to the Department is submitted through the United States mail and is not received by the Department until after the date upon which the report, record or remittance was required to be made, and if the envelope bears a United States Postal Service cancellation mark date on or prior to the date set, the Department, upon receipt thereof, will treat the report, record, or remittance as if it had been received on the required date.~~
- C.** ~~Observance of service area.~~
- ~~1. No ambulance service shall regularly provide its service within an area other than the service area identified in its Certificate of Necessity.~~
 - ~~2. An ambulance service may not transport a patient from, or treat a patient at, a point outside the service area specified in its Certificate of Necessity except:~~
 - ~~a. In life-threatening circumstances to which it is best able to respond;~~
 - ~~b. If no other approved ambulance service is available for immediate and appropriate response, or~~
 - ~~c. If in accordance with a mutual aid agreement with the ambulance service in the service area affected.~~
- D.** ~~Advertisement. No ambulance service shall advertise itself, allow itself to be advertised, or otherwise hold itself out as providing ambulance services of a type or in a service area different than that specifically granted by the Department. All ambulance services shall observe approved service areas in conducting or allowing any form of advertisement for its service(s).~~
- E.** ~~Patient pickup location. If an ambulance arrives at a patient pickup location prior to the ambulance that was officially dispatched, or would have been dispatched, the ambulance attendant shall immediately consult the local dispatch system and shall comply with the orders given by the dispatch system.~~
- F.** ~~Refusal to transport~~
- ~~1. An ambulance service shall not refuse to transport a patient.~~
 - ~~2. An ambulance service shall not divest itself of its services to the public by secret intention to refuse to service certain parties or areas within its service area, or by exercising such action.~~
- G.** ~~Obedience to traffic laws, ordinances and regulations. The driver of an ambulance, when responding to an emergency call or while transporting a patient on an emergency basis, shall observe all traffic laws, ordinances and regulations and may exercise those special privileges provided in A.R.S. § 28-624.~~
- H.** ~~Mutual aid. Ambulance services may have a written agreement with one or more neighboring ambulance services for coverage during times when its own ambulances are not available for service in its service area. Such agreement shall specify the respective duties and responsibilities of the parties and be filed with the Department and each of the parties. Ambulance services provided outside the service area, but in accordance with a mutual aid agreement on file with the Department will not violate service area limitations.~~
- I.** ~~Variances~~
- ~~1. Application for variance. An ambulance service may apply to the Department for a time-limited variance from any of the regulations in this Article. Such a variance may be granted if the applicant specifies alternative practices or measures equivalent or superior to those prescribed in the regulation in question and affirmatively substantiates that:~~
 - ~~a. The rationale for the regulation in question can be met or exceeded by the specified alternative practices or measures.~~
 - ~~b. The application of the regulation would impose an undue burden upon the applicant or ambulance service.~~
 - ~~c. Granting the variance will not adversely affect the public health, safety or welfare.~~
 - ~~2. Compliance. Any ambulance service that is granted a time-limited variance shall comply with the alternative practices or measures specified in its successful application for the variance.~~
 - ~~3. Renewal, revocation, and reporting.~~
 - ~~a. A time-limited variance will not be renewed or extended.~~
 - ~~b. A variance may be revoked automatically and without formal notice or hearing at any time, if a material change in the circumstances justifying its granting occurs.~~
 - ~~c. Any ambulance service that has been granted a variance shall immediately notify the Department of any such material change in circumstances pertinent to its grant of a variance.~~
- J.** ~~Waivers~~
- ~~1. Application for waiver. An ambulance service may apply to the Department for a time-limited waiver from any of the regulations in this Article. Such a waiver will be granted if the applicant affirmatively substantiates that:~~
 - ~~a. The regulation in question does not address a problem of significance to the public in relation to the applicant's ambulance service.~~
 - ~~b. The application of the regulation would impose an undue burden upon the applicant or the ambulance service.~~
 - ~~c. Granting a waiver will not adversely affect the public health, safety or welfare.~~
 - ~~2. Renewal, revocation, and reporting~~
 - ~~a. A time-limited waiver may be renewed or extended upon re-application at least 30 days prior to the expiration date.~~

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- b. ~~A waiver may be revoked automatically and without formal notice or hearing at any time, if a material change in the circumstances justifying its granting occurs.~~
- e. ~~Any ambulance service that has been granted a waiver shall immediately notify the Department of any such material change in circumstances pertinent to its grant of a waiver.~~

NOTICE OF FINAL RULEMAKING

TITLE 9. HEALTH SERVICES

CHAPTER 25. DEPARTMENT OF HEALTH SERVICES

EMERGENCY MEDICAL SERVICES

PREAMBLE

1. Sections Affected

Rulemaking Action

Article 9	New Article
R9-25-901	New Section
R9-25-902	New Section
R9-25-903	New Section
R9-25-904	New Section
R9-25-905	New Section
R9-25-906	New Section
R9-25-907	New Section
R9-25-908	New Section
R9-25-909	New Section
R9-25-910	New Section
R9-25-911	New Section
R9-25-912	New Section
Article 10	New Article
R9-25-1001	New Section
R9-25-1002	New Section
R9-25-1003	New Section
R9-25-1004	New Section
R9-25-1005	New Section
R9-25-1006	New Section
Article 11	New Article
R9-25-1101	New Section
R9-25-1102	New Section
R9-25-1103	New Section
R9-25-1104	New Section
R9-25-1105	New Section
R9-25-1106	New Section
R9-25-1107	New Section
R9-25-1108	New Section
R9-25-1109	New Section
R9-25-1110	New Section
Article 12	New Article
R9-25-1201	New Section
Exhibit A	New Exhibit
Exhibit B	New Exhibit

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2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Authorizing statute: A.R.S. § 36-2202(A)(4)

Implementing statutes: A.R.S. § 36-2201(4) for R9-25-1004;

A.R.S. § 36-2202 (A) for R9-25-901;

A.R.S. § 36-2202(A)(5) for R9-25-1002, R9-25-1003, R9-25-1004, and R9-25-1005;

A.R.S. § 36-2204 for R9-25-902;

A.R.S. § 36-2212 for R9-25-1001, R9-25-1005, and R9-25-1006;

A.R.S. § 36-2224 for R9-25-908;

A.R.S. § 36-2232 for R9-25-902, R9-25-906, R9-25-907, R9-25-908, R9-25-909, R9-25-910, R9-25-911, R9-25-1001, R9-25-1005, R9-25-1006, R9-25-1101, R9-25-1104, R9-25-1106, R9-25-1107, R9-25-1108, and R9-25-1109;

A.R.S. § 36-2232(A)(1) for R9-25-1105;

A.R.S. § 36-2232(A)(4) for R9-25-905;

A.R.S. § 36-2233 for R9-25-904, R9-25-906, and R9-25-909;

A.R.S. § 36-2233(B) for R9-25-902;

A.R.S. § 36-2233(B)(2) for R9-25-903;

A.R.S. § 36-2234 for R9-25-1005, R9-25-1102, and R9-25-1110;

A.R.S. § 36-2234(G) and (I) for R9-25-1103;

A.R.S. § 36-2234(K) for R9-25-1104;

A.R.S. § 36-2235 for R9-25-904;

A.R.S. § 36-2236(A) and (B) for R9-25-902;

A.R.S. § 36-2237 for R9-25-909;

A.R.S. § 36-2239 for R9-25-1101, R9-25-1102, R9-25-1103, R9-25-1106, R9-25-1108, and R9-25-1110;

A.R.S. § 36-2239(D) for R9-25-1109;

A.R.S. § 36-2240 for R9-25-902, R9-25-904, R9-25-905, and R9-25-1001;

A.R.S. § 36-2241 for R9-25-910;

A.R.S. § 36-2244 and 36-2245 for R9-25-912;

A.R.S. § 36-2246 for R9-25-910; and

A.R.S. §§ 41-1072 through 41-1079 for R9-25-1201

3. The effective date of the rules:

February 13, 2001

4. A list of all previous notices appearing in the Register addressing the final rule:

Notice of Rulemaking Docket Opening: 6 A.A.R. 4046, October 20, 2000

Notice of Proposed Rulemaking: 6 A.A.R. 4372, November 24, 2000

5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

Name: Stephen Hise
Bureau Chief

Address: Department of Health Services
Bureau of Emergency Medical Services
1651 E. Morten Avenue, Suite 130
Phoenix, Arizona 85020

Telephone: (602) 861-0708

Fax: (602) 861-9812

or

Name: Kathleen Phillips
Rules Administrator

Address: Department of Health Services
1740 W. Adams, Suite 102
Phoenix, Arizona 85007

Telephone: (602) 542-1264

Fax: (602) 542-1289

6. An explanation of the rule, including the agency's reasons for initiating the rule:

The Department has made new rules in 9 A.A.C. 25 that update and consolidate requirements for ground ambulance service. These rules replace ground ambulance service rules contained in 9 A.A.C. 13 that are outdated, do not accurately reflect industry standards, and do not meet rulemaking requirements. Under separate rulemaking, the Department is repealing the Articles and Sections in 9 A.A.C. 13 that deal with ground ambulance service.

9 A.A.C. 25, Article 9 establishes the requirements for the ground ambulance certificate of necessity, which establishes the ground ambulance service area, level of service, type of service, hours of operation, effective date, expiration date, legal name and address of the ground ambulance service, and any limiting special provisions. Individual Sections list definitions of terms used within the rules; prescribe application procedures for initial Certificate of Necessity, provision of ALS services, transfer of a Certificate of Necessity, renewal of a Certificate of Necessity, and amendment of a Certificate of Necessity; set the Department's criteria for determining public necessity; set the Department's criteria for determining response times, response codes, and response-time tolerances; list allowable exceptions to service area restrictions and transport requirements; set insurance requirements, record and reporting requirements, and advertising parameters; and describe disciplinary action.

9 A.A.C. 25, Article 10 establishes the requirements for ground ambulance vehicle registration. Individual Sections prescribe initial and renewal application procedures; establish minimum standards for ground ambulance vehicles; identify minimum equipment and supplies for ground ambulance vehicles; prescribe minimum staffing requirements for ground ambulance vehicles; prescribe procedures for ground ambulance vehicle inspection, list major and minor vehicle defects, and identify under what conditions a defective vehicle may continue to be operated; and prescribe ground ambulance vehicle identification.

9 A.A.C. 25, Article 11 establishes the requirements for ground ambulance service rates and charges and contracts. Individual Sections prescribe application procedures to establish initial rates, to adjust rates, and to provide subscription service and establish a subscription service rate; set standards for ground ambulance service contracts, contract rates, and ranges of rates; identify the Department's considerations in determining a rate of return; identify rate calculation factors; prescribe how a certificate holder shall assess rates and charges; prescribe procedures for other patient charges; and set the contents of invoices for rates and charges.

9 A.A.C. 25, Article 12 establishes time-frames for Department approvals of the initial certificate of necessity, provision of ALS services, transfer of a certificate of necessity, renewal of a certificate of necessity, amendment of a certificate of necessity, registration of a ground ambulance vehicle, renewal of a ground ambulance vehicle registration, establishment of initial rates and adjustment of rates, contract rate or range of rates, ground ambulance service contracts, and subscription service rates.

The Department worked with representatives from urban and rural fire departments, medical facilities, hospitals, ambulance services, academia, and the public to develop these rules. The rules have been accepted by the Medical Director of Emergency Medical Service and the Department's two citizen advisory groups, the Emergency Medical Services Council and the Medical Direction Commission. The Department believes that the rulemaking is necessary to ensure that ground ambulance service rules protect the public, accurately reflect industry standards, and meet rule-making requirements.

7. A reference to any study that the agency relied on in its evaluation of or justification for the rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study and other supporting material:

Not applicable

8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

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

The rulemaking will directly impact the 83 currently regulated ground ambulance services operating in Arizona. Of these, 20 are private, for-profit businesses, 11 are private, non-profit businesses, and 52 are owned or operated by political subdivisions. Of the 31 private businesses, 24 can be considered small businesses. The rulemaking will also indirectly impact the general public (consumers) and providers of medical services.

The rulemaking incorporates existing requirements and practices already established in rule, current practices of the Department of Health Services, Bureau of Emergency Medical Services that are already in place, and new requirements and changes that reflect current industry practices. The rulemaking is supported by stakeholders and approved by the Department's two citizen advisory groups, the Emergency Medical Services Council and the Medical Direction Commission.

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Some provisions within the proposed rules result in additional costs being imposed on the providers. Other provisions lead to cost savings that directly benefit the providers. The overall economic impact of the rulemaking is expected to be minimal, with the benefits of the rule outweighing the costs. The retention of requirements and practices already in rule should have little or no direct impact. The impact of any requirements or practices that have been in place and are now incorporated in rule will be mitigated to the extent that those affected have already incorporated these requirements and practices into their general operations. New requirements and changes in existing requirements designed to improve public safety and regulatory efficiency should also have a minimal to moderate economic impact.

Specific economic, small business, and consumer impacts of the rules are summarized as follows:

- **R9-25-901. Definitions:**

This rule provides a number of new definitions. For example “response time” is defined as well as additional terms required to measure response times. What constitutes ownership is defined. Many other definitions have been added to clarify the rules. Providing specific definitions adds clarity to the regulations benefitting the Department and the providers.

- **R9-25-902. Application for an Initial Certificate of Necessity; Provision of Advanced Life Systems Services; Transfer of a Certificate of Necessity:**

The rule incorporates existing requirements and practices already established in rule, current practices of the Department that are already in place, and new requirements and changes that reflect current industry practices. The procedures for initial application and transfer of a certificate of necessity provide a detailed list of the specific information required by the Department to approve an application or transfer. The rule requires that an individual requesting a transfer must submit all the information that is required when applying for an initial certificate. A number of items have been added that heretofore were not formalized in rule, but are part of the Department’s current practices. For example, the rule now requires that an application for a CON must designate the location, by make and year, of ground ambulance vehicles within the applicant’s proposed service area. If the application includes ALS, the applicant must now provide current written contracts for ALS medical direction and proof of professional liability insurance for ALS personnel. The proposed rules also require that an application for a transfer of ownership include the type of business entity of the new owner.

In addition to the current requirement that initial applications and requests for transfers of a certificate of necessity include proposed response times, response codes and response-time tolerances are now also required. The rule requires responses to be categorized by codes and scene localities (urban, suburban, rural, or wilderness) and response times calculated for each category. Setting response-time targets and calculating actual response times in this manner will allow situation-specific response-time targets and a true measure of actual response times.

Cost Bearers

During the 1999-2000 fiscal year, the Department reviewed one application for an initial CON and 5 transfers of CON’s. Assuming this pattern is typical, the cost of the proposed rule is minimal.

Beneficiaries

Providers of ground ambulance services benefit because the proposed set of rules combines all requirements into one formalized set. This benefits the providers of ground ambulance services by clearly specifying in rule what information must be provided to the Department when applying for a certificate of necessity or requesting a transfer. The Department benefits from a streamlined application process that provides the information to make a determination of need for awarding a CON. In the long run, both the Department and providers should realize cost savings from a more comprehensive set of information. The providers and the Department benefit from having well defined response-time targets and accurate measures of actual response times. This rule also benefits the public by assuring that certificates of necessity and the right to provide ambulance services are not transferred to a provider that is not in compliance with established Departmental standards.

- **R9-25-903. Determining Public Necessity**

In evaluating and approving multiple certificates of necessity to provide convalescent, inter-facility, or 9-1-1 emergency dispatch transport in a service area, the Department will consider response times, service area demographics, adequacy of existing service, and other measures that indicate the needs and quality of service in that geographic area. These requirements mirror the current Department rules and practices that evaluate and approve multiple applications to provide transport in the same service territory.

Provisions that are new to rule and not part of current Department practices require that the Department consider the financial impact on current certificate holders whose service area is in all or part of the requested certificate of necessity area and any needs assessment adopted by political subdivisions. However, it does not require political subdivisions to produce a needs assessment.

Cost Bearers

Applicants for CON’s or transfers of CON’s will be required to provide more information to the Department. However, these information requirements will impact the potential applicant only minimally.

Beneficiaries

The providers and the Department will benefit by having the Department's current practices formalized in rule. This should provide greater clarity to providers who wish to provide service in areas currently served by another ground ambulance provider. The public will benefit by assuring that the Department considers the needs of the area and any relevant information such as needs studies when approving multiple ground ambulance service providers.

This rule will ultimately provide consumers with the necessary level of service at the lowest cost. The rule protects against situations where too many providers are serving the same area or service in an area is insufficient to provide emergency response within an acceptable time-frame.

- **R9-25-904. Application for Renewal of a Certificate of Necessity**

The renewal of a CON is required a year after an initial CON and every 3 years thereafter. To renew, a CON holder must provide an application with information required in R9-25-902 (A) (1) (a) through (m). In addition, the applicant must provide proof of continuous insurance, a copy of a list of current charges, and an affirmation that the CON holder has met the conditions of the CON. If the CON holder fails to renew in the required time, a complete application (R9-25-902) will be required. The required items (a) through (m) will provide information on changes that have occurred in the CON area since the initial application or the last renewal date. Since all CON holders are required to renew, current CON holders will be required to provide all new information requirements in sections (a) through (m). However, the renewal process will enable the Department to update and maintain a more comprehensive set of information on each CON holder.

Cost Bearers

The proposed rule requires applicants for CON's to provide information that is currently required in rule and Department practice. The new requirements of continuous insurance and an affirmation that the CON holder has met the conditions of the CON will not require additional resources. The impact will be minimal.

Beneficiaries

The Department will ensure that the CON holder continues to meet the requirements of the CON and will be notified of any changes in the CON through information provided in the application and review process.

- **R9-25-905. Application for Amendment of a Certificate of Necessity**

To amend a certificate of necessity under the proposed rule, the certificate holder must submit statements explaining the financial and patient care impact associated with the requested change. This rule change establishes as rule the Department's current practice of requiring providers to identify the impact that requested service changes will have on patient care, cost of services, and revenues.

Cost Bearers

Since an applicant normally would perform a pro-forma financial analysis of the changes brought about by any amendment to the certificate of necessity, the Department believes that any impact this change may have on ground ambulance services is minimal.

Beneficiaries

Consumers (patients) will benefit from having the current practice of requiring providers to identify the impact that requested service changes will have on patient care, cost of services, and revenues established and clarified in rule.

- **R9-25-906. Determining Response**

The proposed rule revises criteria for determining response times, response codes, and response-time tolerances for certificate of necessity holders and in the provision of ALS services. The rule incorporates many more factors that affect ground ambulance response times and can be used to calculate more realistic response times for a given certificate of necessity location. The proposed rule allows the consideration of requirements in Department approved contracts between ground ambulances services and political subdivisions. The rule also takes into account the medical prioritization for the ground ambulance vehicle dispatch as determined by the medical direction authority.

Cost Bearers

The proposed rule does not impose any additional costs on providers. Applicants for certificates of necessity already provide the information needed to evaluate proposed response times, response codes, and response-time tolerances. The rule does not impose any burden on the regulated community.

Beneficiaries

The proposed rule will enable the provider and the Department to more accurately calculate response times. This will benefit the ground ambulance services, the Department, and the general public.

- **R9-25-908. Transport Requirements; Exceptions:**

Current and proposed rules require ground ambulance vehicles to transport all patients as required by A.R.S. § 36-2224. However, there are exceptions, both non-medical and medical, to the rule. Even though the exceptions have existed as a matter of current practice, the proposed rule explicitly lists these exceptions. Medical transport is not allowed for the following: 1) if the patient's medical condition exceeds the scope of the ambulance attendants' certificate; 2) if the transport may result in an immediate threat to the ambulance attendant's safety; 3) if a patient over the age of 17 refuses to be transported; and 4) if a patient in a health care institution does not meet the federal requirements for medically necessary ground vehicle ambulance transport. The only economic impact from this rule relates to 4), the transport of patients that do not meet federal requirements for medically necessary ground vehicle ambulance transport.

Cost Bearers

Patients currently at a medical facility with medical conditions who do not meet federal requirements for emergency transport and who want to be transported in a ground ambulance vehicle must seek other means of transportation.

Beneficiaries

With these exceptions in the proposed rule, ground ambulance services have clear guidelines and can avoid unnecessary transports and, in some cases, avoid bearing non-reimbursable costs. The public benefits from the availability of ground ambulance vehicles to transport appropriate medically needy patients. Third party payors benefit from the avoidance of unnecessary transport costs of ineligible patients.

- **R9-25-909. Certificate of Insurance or Self-Insurance:**

Current rules mandate that "ambulance services shall maintain at all times in force and effect minimum liability and malpractice insurance coverage of \$1,000,000." The proposed rule changes the coverage to "a minimum single occurrence automobile liability insurance coverage of \$500,000 for ground ambulance vehicles; and a minimum single occurrence malpractice or professional liability insurance coverage of \$500,000," or be self-insured for these amounts. In addition, the proposed rules require that a copy of the certificate of insurance be submitted to the Department no later than the date of issuance for a renewal or a change in insurance coverage or insurance company.

Cost Bearers

For most large ground ambulance services, the change in the rule will have no impact since they already are either self insured or maintain insurance coverage greater than required minimum amounts. The provision may allow small ground ambulance services to lower coverage to \$500,000. Since premiums are not based entirely on coverage but on history and other factors, it is not clear whether small businesses will pay more or less. Lower limits of liability and malpractice may affect potential settlements, if patients receiving medical transport are injured and require compensation.

Beneficiaries

If ground ambulance services realize savings from lower insurance rates, they will benefit from the rule. It is not known how much, if any, savings will result and how much of this would be passed on to consumers in the form of lower rates.

- **R9-25-910. Record and Reporting Requirements:**

The proposed rule requires that providers maintain on-premise detailed dispatch records, financial statements, and related records including any written complaints. Currently, providers are required to submit these records to the Department on a monthly or annual basis.

Beneficiaries

This proposed rule benefits providers by reducing the costs associated with copying and submitting to the Department monthly dispatch logs and other records. The proposed rule will save the Department the costs associated with receiving, filing, and storing provider dispatch logs and other records. However, the Department will maintain the right to access provider records as allowed in A.R.S. § 36-2241.

The Department spends \$8,600 annually in personnel, storage and other costs associated with receiving, filing, and storing records. This cost will be eliminated and replaced with the much smaller cost of obtaining records from the providers on an as-needed basis. Since the providers already keep copies of their logs and other records as required by statute, it is unlikely that this rule imposes any new costs on them. In addition, any new costs associated with retaining copies of records would likely be offset by the savings associated with no longer having to submit the records to the Department, which will result in substantial savings to providers.

Cost Bearers

The new requirement that providers keep on file written complaints may subject them to some legal exposure. These written complaints may give plaintiffs the proof that a given provider has had a history of a specific problem and could provide evidentiary material for a lawsuit.

- **R9-25-911. Ground Ambulance Service Advertising**

Proposed rule R9-25-911(B) formalizes in rule the Department's current practice of requiring that advertising not be used to direct the circumvention of 911 or other emergency telephone number systems. The proposed rule requires that providers not use advertising to encourage emergency calls to be directed to them rather than the 9-1-1 response system. This includes all advertising and markings on ground ambulance vehicles. Current Department practices regulate advertising in this manner and there should be no economic impact on providers associated with this proposed rule.

Beneficiaries

The proposed rule protects the public from advertising practices that could create confusion over the use of 911 in areas where it is available to respond to medical emergencies.

- **R9-25-912. Disciplinary Action**

The proposed rule R9-25-912 allows the Director of the Department more flexibility in determining if disciplinary action is necessary and provides instructions to the Director on the proper type of disciplinary action. The current rule allows the Director to suspend, revoke or pursue other disciplinary action if the Director determines that the certificate holder has demonstrated substandard performance. The proposed rule also provides for disciplining a provider who exhibits conduct that is unfit or improper and provides a set of guidelines to determine what disciplinary action to take against a provider.

Beneficiaries

This policy benefits the public by allowing the Director to discipline not only providers who violate the requirements for disciplinary action listed in current rule, but also providers who exhibit behavior or professional conduct that is determined to be unfit and improper. Because the rule requires the Director to follow a set of guidelines in determining what disciplinary action to take, the providers are reasonably protected against undue suspensions and other disciplinary action and the associated loss of revenue.

The rule has an undeterminable economic impact. In certain situations, the rule could save providers the cost associated with the suspension of a certificate of necessity by allowing the Department the option of applying a less severe penalty. However, the Department can assess a penalty if a provider is not operating in a fit and proper manner and that penalty could have a negative economic impact associated with it. The provisions in the rule instructing the Department on how to determine the type of disciplinary action, essentially limits the disciplinary actions the Department can take and will moderate the economic impact this rule imposes on providers.

Disciplinary action has only been required in a select number of cases. Only 3 disciplinary hearings have been held in the last two years. Over the last 5 years, 1 certificate of necessity was suspended because a provider was operating outside its certificate of necessity area. One provider's certificate was revoked, over the last 2 years, because that provider was overcharging its patients.

- **R9-25-1001. Initial and Renewal Application for a Certificate of Registration**

This proposed rule, pertaining to initial and renewal applications for certificate of registration of ground ambulance vehicles, requires additional information not previously required in rule. The rule incorporates many items that were required as part of the Department's current practices, such as identification of the CON to which the vehicle is registered and the name and telephone number of the person to contact to arrange for inspection. The rule itemizes all information needed for a complete and correct initial and renewal application for a certificate of registration.

Beneficiaries

Both the applicant for a certificate of registration and the Department will benefit from the clarification of initial and renewal application requirements.

- **R9-25-1002. Minimum Standards for Ground Ambulance Vehicles**

The proposed rule requires that ground ambulance vehicles have certain medical equipment, and in some instances, specifies standards for that equipment.

The following is a list of vehicle equipment requirements that are not required in the current rule, but are mandated by the proposed rules. Some of these equipment standards, though not specifically included in current rules, are currently required by the Department (these are marked C.P. for current practice). In addition, some of the new equipment standards add quality measures, specifics, and quantifiable standards to current Department practices (these are marked Q.M. for quality measures):

1. Engine intake air cleaner that meets manufacturer's specifications.

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2. Cooling system that maintains engine temperature required to prevent damage.
3. A battery:
 - i. with no leaks, corrosion or other defects. (C.P.) (Q.M.)
 - ii. capable of generating,
 - 12.6 volts at rest. (C.P.) (Q.M.)
 - 13.2 to 14.2 volts on high idle with electrical equipment turned on. (C.P.)(Q.M.)
4. A wiring system in the engine compartment designed to prevent the wires from being cut by or tangled in the engine hood. (C.P.) (Q.M)
5. Frame capable of supporting vehicle weight.
6. Front bumper that extends to the vehicles outer edges.
7. A fuel cap that meets manufacturer's specifications. (C.P.)
8. A steering system that includes:
 - i. Power steering belts free from frays, cracks or slippage. (C.P.) (Q.M.)
 - ii. Power steering that is free from leaks. (C.P.) (Q.M.)
 - iii. Fluid in the power steering that fills the reservoirs to between the full and add levels. (C.P.) (Q.M.)
 - iv. Bracing that extends from the center of the steering wheel to the uncracked steering wheel ring.
9. A body free of damage or rust that interferes with the physical operation of the vehicle or creates a hole in the driver's compartment or patient compartment. (C.P.)
10. At least one 5lb ABC dry, chemical, multi-purpose fire extinguisher in a quick release bracket with current inspection tags. (C.P.) (Q.M.)
11. Patient compartment upholstery free of cuts or tears and capable of being disinfected. (C.P.) (Q.M.)
12. Shock absorbers that are free from leaks. (C.P.) (Q.M.)
13. Functional hood latch for the engine compartment. (Q.M.)
14. A fuel system that meets manufacturer's specifications.

Several of the equipment standards that are new and not part of current Department practices can be characterized as part of manufacturer's standards and, in most instances, are necessary for a vehicle to function. For example, all ground ambulances must have a functioning air intake cleaner, a functioning engine cooling system, and a functioning fuel system to operate properly. In the event that this rule requires a provider to upgrade or repair those items in a ground ambulance, it may lead to an up front economic cost. However, those items are necessary and will extend the useful life of the vehicle and result in economic savings.

The requirement that the ambulance have a front bumper that extends to the vehicle's outer edges is a new requirement. However, it is standard equipment and, in the Department's opinion, all vehicles that are inspected are currently equipped with a front bumper of this type. Conceptually, this rule could impose a modest economic cost on a provider.

The new requirement that the ground ambulance frame be capable of supporting the gross weight of the vehicle is a well-intentioned rule intended to protect the public. Ambulances sometimes get overloaded with equipment and patients, which can compromise the patient, driver, attendant and general public safety. An overloaded ambulance will handle or respond poorly when driven at higher than posted speed limits.

The proposed rule intends to prevent a provider from overloading its ambulances and should not have any economic impacts associated with it. If an ambulance is found to be overloaded, correcting for it requires that equipment and supplies be taken off or the load adjusted, which should not impose any economic costs.

The part of the rule relating to bracing extending from the center of the steering wheel to the uncracked steering wheel ring could be viewed as new or just a clarification of an existing rule. The rule is intended to make sure that there are no cracks in the steering column, which would pose a risk to the patient, driver, attendant and the general public. This could impose a minimal economic cost on providers.

A number of the vehicle requirements listed above are not part of the current rules, but are the Department's current practices and are currently followed by providers and enforced by the Department. Those items are marked C.P. for current practice and appear on the Department's current Vehicle Inspection form.

These rules also clarify what level of function certain equipment items must achieve. The rules add levels or measures of function in several areas, which are marked Q.M. for quality measure. These items are part of the Department's current practice, but the proposed rules specify a quantitative measure of function. For example, the rule requires that a battery achieve certain voltage levels. These same voltage levels are in effect now, inspected and enforced as part of the Department's current practices. The proposed rules formalize the Department's current practices and add specific quality standards.

Cost Bearers

In general the vehicle requirements imposed by the proposed rules will not subject providers to economic costs, because the requirements mirror vehicle manufacturer's standards and the Department's current practices. In a few isolated instances, providers may be required to incur the costs necessary to have a bumper replaced or molding over a steering wheel repaired.

Beneficiaries

These rules will make ambulances safer, which will benefit patients, drivers, attendants and the general public.

- **R9-25-1003. Minimum Equipment and Supplies for Ground Ambulance Vehicles Need to add non-latex glove information**

Under the proposed rule, certificate holders are no longer required to adhere to the equipment and supplies recommended by the American College of Surgeons in "Essential Equipment for Ambulances," revised June 1981. Much of the equipment and supplies listed in the proposed rule are similar to those listed in the "Essential Equipment for Ambulances." However, changes have been made in the Department's itemized list, and there may be minimal impacts on providers of ambulance services. The new rule requires that a ground ambulance vehicle be supplied with at least 3 pairs of non-latex gloves. A certain percentage of the public is latex sensitive and experiences a violent reaction when exposed to latex. Having non-latex gloves available will allow medical professionals to provide an equal level of treatment to members of the public who are latex sensitive. In addition, the new rule requires three sizes of sphygmomanometer (Blood Pressure Cuff), while the current rule requires only one size. This addition is necessary to accommodate different size patients.

Cost Bearers

There will be a minimal economic impact on providers associated with equipping ambulances with non-latex gloves. Emergency medical technicians are required to wear disposable gloves for all emergency patient transports. The majority of ground ambulance services currently use latex gloves, which cost \$41.38 per 1000 gloves. Disposable vinyl general purpose (non-latex) gloves, which provide the wearer with adequate dexterity and sensitivity, cost \$41.88 per 1000 gloves. A larger ground ambulance service with 50 to 100 ground ambulance vehicles and 50,000 to 100,000 patient transports per year, could incur an added cost of \$50 to \$200 per year if it chose to supply all ground ambulance vehicles with only non-latex gloves. The annual added cost to smaller ground ambulance services or services carrying both latex and non-latex gloves, could be as little as \$5. Regarding the Blood Pressure Cuffs, the Department believes that many providers currently carry different sizes of Blood Pressure Cuffs. Those that do not will have to purchase this additional equipment. The cost of a Blood Pressure Cuff is between \$60 and \$80 depending on the size.

Beneficiaries

In some cases the rule has eliminated certain equipment and left it up to the providers' discretion as to whether or not to carry that piece of equipment. For example, the proposed rule only requires one set of blood tubing, while the current rule requires several sets. To the extent the proposed rule allows the provider the opportunity not to carry unnecessary equipment and makes room for equipment more necessary to the patient mix in that provider's area, the rule is less of a burden.

The Department has determined through the inspection process that approximately 75% of providers exceed the proposed equipment and supply standards. There may be minimal economic impacts associated with the requirement of carrying non-latex gloves and 3 sizes of Blood Pressure Cuffs, but this annual economic impact should not exceed \$200 per ambulance (the added cost of using non-latex gloves, which varies per vehicle, and the cost of 2 additional cuffs.)

- **R9-25-1005. Ground Ambulance Vehicle Inspection; Major and Minor Defects**

The proposed Ground Ambulance Vehicle Inspection rule establishes a new two-tiered inspection process, where defects in ambulances are classified as major and minor. What constitutes a major and minor defect is described. Minor defects must be repaired in 15 days or the vehicle can be taken off the road by the Director of the Department. Ambulances with major defects can be taken off the road by the Director of the Department until the defect is corrected. New inspection options afforded to certificate holders by the proposed rule allow the certificate holder to request that all their ground ambulances be inspected on the same date and location and allow inspections to be carried out at Department-approved inspection facilities.

Beneficiaries

The proposed rule standardizes the inspection process by creating uniform inspection criteria. The providers and the Department are provided with clarity as to what defect requires a repair order or requires the ambulance to be taken out-of-service. This will result in only ambulances that should not be in service being taken out-of-service, which makes for a more cost-effective ambulance service system. This rule will keep ambulances with only minor defects in service while repairs are being made. The provisions of the rule related to ambulance inspections should benefit the providers and the Department by allowing inspections to occur in an efficient and effective manner.

Cost Bearers

The Department believes that no additional cost will be associated with administering the new two-tiered inspection process.

- **R9-25-1006. Ground Ambulance Vehicle Identification**

The proposed rule requires the name of the ambulance company to be written on the ambulance with letters that are at least six inches in height.

Cost Bearers

According to the Department, all providers currently mark their vehicle in a manner that adheres to this requirement. Thus, there is no cost associated with the proposed rule.

Beneficiaries

The rule assures that authorities and the general public will be able to identify ambulances at the scene of an accident and in other locations.

- **R9-25-1101. Application for Establishment of Initial General Public Rates**

The proposed rule incorporates into the application packet items that have been required by the Department since 1986. The proposed rule also adds as a new requirement the identification of each of the applicant's government and business affiliations, such as a parent company or subsidiary owned or operated by the applicant.

Beneficiaries

The incorporation of these items provides the regulated community with an updated set of rules and provides the Department with a complete and formal set of guidelines. In addition, the new requirements will allow the Department to better evaluate the applicant's financial condition and better understand allocation of costs.

- **R9-25-1104. Ground Ambulance Service Contracts**

The proposed rule incorporates into the application packet items that have been required by the Department since 1986. In addition, the proposed rules add a requirement that a contract can not preclude use of the 9-1-1 system or a similarly designated emergency telephone number.

Beneficiaries

The addition of the provision on the use of 9-1-1 or similarly designated emergency telephone number will provide consumers with the assurance that the emergency telephone number designated for the area covered by the ambulance service contract is the appropriate number.

- **R9-25-1105. Application for Provision of Subscription Service and Establish Subscription Service Rate**

The current rules do not contain any direct reference to subscription service, but statute requires the Department to review all ambulance service contracts. Currently, the Department regularly reviews subscription service contracts. The proposed rule incorporates the criteria currently used by the Department.

Beneficiaries

Ambulance service providers will benefit from a set of formalized rules on subscription service contracts. There is no economic impact.

- **R9-25-1106. Rate of Return Setting Considerations**

The proposed rule sets down a number of criteria to be used when determining an applicant's return on gross revenue. Some of the criteria are already contained in the current rule; other criteria are current practice enforced by the Department. The proposed rule prohibits the consideration of any penalties or fines imposed on the applicant by a court or government agency and any financial contributions received by the applicant.

In addition, the proposed rule directs that "the Director shall establish rates to provide for a rate of return that is at least 7% of gross revenue, calculated using the accrual method of accounting according to generally accepted accounting principles, unless the certificate holder requests a lower rate of return."(R9-25-1106 (C))

Cost Bearers

The exclusion of fines and financial contributions from consideration in setting rates is not likely to affect many applicants and will not likely have an economic impact.

Because the Department practice currently allows for at least a 7% rate of return on gross revenue, there may be little effect on providers, and any economic impact on rates and charges should be minimal.

Beneficiaries

The rule incorporates a minimum 7% return on gross revenue to allow sufficient return to cover an applicant's capital purchases and allow a reasonable rate of return. Presently, the Department uses this criterion and the proposed rule formalizes it. Applicants who presently realize returns of less than 7% return would be allowed to raise rates to achieve this and realize additional revenues.

- **R9-25-1108. Implementation of Rates and Charges**

The proposed rule incorporates the current Department practice for calculating a rate, charge, or mileage rate. The proposed rule changes the allowable rate for the transport of 2 or more patients. Under the current rules, each patient is assessed 50% of the mileage rate and 50% of the ALS or Basic Life Support (BLS) base rate. The proposed rule will continue to charge each patient 50% of the mileage rate but increase the rate to 100% of the ALS or BLS.

The proposed rate will increase the standby waiting rate assessed to a patient by a certificate holder when the ground ambulance vehicle is required to wait in excess of 15 minutes to load or unload a patient. This may likely double the standby waiting rate from \$40-\$50 per hour to \$100 per hour.

Cost Bearers

Consumers and third party payors will pay higher rates for transport of two or more patients and for waiting times in excess of 15 minutes. The economic impact should be minimal.

Beneficiaries

Ground ambulance vehicle companies will gain moderate to substantial revenue from these proposed changes.

- **R9-25-1110. Invoices**

The proposed rule prescribes information to be included on invoices for ground ambulance vehicle services. The rule incorporates current Department practices including listing of rates and charges to conform to requirements of third party payors. There is no economic impact resulting from these changes.

- **Elimination of Waivers and Variances**

Unlike current rule, the proposed rule does not allow certificate holders to apply for waivers and variances. Waivers and variances allowed certificate holders to provide services without adhering to one or more of the Department's regulations.

Beneficiaries

Disallowing waivers and variances will benefit the public by assuring that certificate holders are providing ground ambulance services in compliance with all health and safety regulations.

Currently a number of providers have waivers exempting them from rules related to ECG/Telemetry Transmission, Drug Box Content and tire changing equipment. However, the proposed rules eliminate the specific rules that the waiver exempted the provider from, making the waivers unnecessary.

- **R12-25-1201. Ground Ambulance Time-frames**

As required by A.R.S. §§ 41-1072 through 41-1079, this new rule establishes time-frames for Department approvals of the initial certificate of necessity, provision of ALS services, transfer of a certificate of necessity, renewal of a certificate of necessity, amendment of a certificate of necessity, registration of a ground ambulance vehicle, renewal of a ground ambulance vehicle registration, establishment of initial rates and adjustment of rates, contract rate or range of rates, ground ambulance service contracts, ground ambulance service contracts with political subdivisions, and subscription service rates. The time-frames require the Department to provide written notice at certain stages of the application and approval process.

Cost Bearers

The new time-frames are consistent with the Department's current practices and may have only a minimal impact on providers and the Department. Should the Department fail to comply with licensing time-frames, the Department could be required to issue refunds and pay penalties as required by law. However, since the Department intends to comply with all time-frame requirements, it does not believe that this will occur.

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Beneficiaries

The time-frames will benefit providers of ground ambulance services by providing clarity in the application and approval process and assuring that the Department will process all applications in a fair, consistent, and timely manner.

10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

No substantive changes have been made in the text of the adopted rules from that in the proposed rules. Numerous grammatical, stylistic, and verbiage changes have been made to correct typographical errors and to make the rules more clear, concise, and understandable. Grammatical and organizational changes were also made at the suggestion of the staff of the Governor's Regulatory Review Council. The changes do not change the subject matter of the rule, do not change the effect of the rule, and do not change a person's understanding of the rule. The changes include:

Table of Contents: The Arizona Revised Statutes citations A.R.S. §§ 36-2234 and 36- 2239 are added to the R9-25-1102 Section Title.

R9-25-901(6): The definition of "Applicant" is changed to read as follows:

"Applicant" means:

- a. An individual, if a sole proprietorship;
- b. The corporation's officers, if a corporation;
- c. The managing partner, if a partnership or limited liability partnership;
- d. The designated manager, or if no manager is designated, the members of the limited liability company, if a limited liability company;
- e. The designated representative of a public corporation that has controlling legal or equitable interest and authority in a ground ambulance service;
- f. The designated representative of a political subdivision that has controlling legal or equitable interest and authority in a ground ambulance service; or
- g. The designated representative of a government agency that has controlling legal or equitable interest and authority in a ground ambulance service.

The definition of "Owner" in R9-25-901(41) is deleted.

R9-25-901(42) through R9-25-901(44) is renumbered as R9-25-901(41) through R9-25-901(43).

R9-25-901(44): The following definition is added: "Person" has the same meaning as in A.R.S. § 1-215 and includes a political subdivision or governmental agency.

R9-25-901(66): The reference to the Bureau of the Census found in the definition of "urban area" is expanded to read United States Department of Commerce, Bureau of the Census.

R9-902(A)(1)(b)(i): "Each owner and individual responsible for managing the ground ambulance service;" is changed to "Each applicant and individual responsible for managing the ground ambulance service;"

R9-25-902(A)(1)(p): "The signature of the ground ambulance service's owner or the owner's designated representative;" is changed to "The signature of the applicant or the applicant's designated representative;"

R9-25-902(A)(2)(g): "Whether an owner or a designated manager:" is changed to "Whether an applicant or a designated manager:"

R9-25-902(A)(3)(j): "The owner's and designated manager's resume or other description of experience and qualification to operate a ground ambulance service; and" is changed to "The applicant's and designated manager's resume or other description of experience and qualification to operate a ground ambulance service; and"

R9-25-902(D): The semi-colon ending the introductory clause is changed to a colon.

R9-25-912(A)(2)(c): "To a patient, third-party payor, or other person or entity billed for service; or" is changed to "To a patient, third-party payor, or other person billed for service; or."

R9-25-1001(A)(6): "The signature of the owner or owner's designated representative." is changed to "The signature of the applicant or applicant's designated representative."

R9-25-1001(A)(6): The semi-colon ending the list is changed to a period.

R9-25-1002(24): "Padding over exit areas from and sharp edges in the patient compartment;" is changed to "Padding over exit areas from the patient compartment and over sharp edges in the patient compartment;"

R9-25-1003(A)(13): The quotation mark at the end of the sentence is deleted.

R9-25-1005(E): The table is revised as follows:

- Fuel system: In the first major defect, “Fuel tanks mounted according to manufacturer’s specifications” is changed to “Fuel tank not mounted according to manufacturer’s specifications.”
- Padding: In the minor defect, the word “patent” is changed to “patient.”
- Patient compartment: In the minor defect, the word “Cuts” is changed to “cuts.”
- Seat belts and securing belts: In the second minor defect, the word “belts” is changed to “belt.”
- Tires: In the first major defect, the semi-colon at the end of the item is deleted.
- Wheels: In the second major defect, the word “LUGS” is changed to “lugs.”
- Windshield: In the first minor defect, “Unrepaired starred cracks or line cracks extending more 1 inch from the bottom or side of the windshield” is changed to “Unrepaired starred cracks or line cracks extending more than 1 inch from the bottom or side of the windshield.”

R9-25-1106(A)(7): “Return on owner’s equity;” is changed to “Return on equity;”

R9-25-1201(C)(4): The introductory sentence “The time-frame for the Department to complete the substantive review is suspended from” is changed to “The time-frame for the Department to complete the substantive review and the overall time-frame are suspended from:”

R9-25-1201(D): The reference to Section (C)(2) is changed to (C)(3).

R9-25-1201(E): The reference to Section (C)(2) is changed to (C)(3).

Exhibit A: The exhibit is revised as follows:

- Page 2, number 11, “Dept” is changed to “Debt.”
- Page 3, number 15, “Cost of Goods Sold (To Page 2 Line 14)” is changed to “Cost of Goods Sold (To Page 2, Line 14).” The comma has been added.
- Page 4, numbers 1, 4, 5, 8, 9, 10, 11, 14, 15, 16, 17, 18, 21, and 22, lines are added.
- Page 4.1.a, numbers 11 and 18, lines are added.
- Page 5.1.a, numbers 6, 11, and 19, lines are added.
- Page 5.1.a, numbers 18 and 19, a space between 18 and 19 is added.
- Page 8, number 23, “(To Page 2, Line 17” is changed to “(To Page 2, Line 17).”
- Page 14, the heading “BALANCE SHEET” is deleted from the bottom of the page.
- Page 15, the heading “BALANCE SHEET” is added to the top of the page.

Exhibit B: The exhibit is revised as follows:

- Page 2, number 11, “Chrage” is changed to “Charge.”
- Page 3, the heading “OPERATING Revenues” is changed to “Operating Revenues.”
- Page 3, number 8, “Line 1” is changed to “Line 01.”
- Page 8, Line 25, “Patient finance Charges” is changed to “Patient Finance Charges.”

11. A summary of the principal comments and the agency response to them:

During the period of November 24, 2000 to December 26, 2000, the Department received one written comment and two oral comments on the proposed rulemaking. The arguments and their evaluations are as follows.

1. Comment: (Written comment 25-01 and oral comment 25-02)

The comment was made that:

- R9-25-902(A)(1)(b)(i) be changed to read “The applicant and each individual responsible for managing the ground ambulance service.”
- R9-25-902(A)(1)(p) be changed to read “The applicant’s signature;”
- R9-25-902(A)(2)(g) be changed to read:
 - “i. Whether applicant and each of the following persons (as applicable, based upon applicant’s form of Business), has ever been convicted of a felony or a misdemeanor involving moral turpitude: officers; directors; 10% (or more) stockholders; managing partners; general partners; designated managers; individual proprietors; designated representatives of political subdivision or government agency.
 - ii. Whether any of the foregoing has ever had a license or certificate of necessity for a ground ambulance service suspended or revoked by any state or political subdivision.

- iii. Whether any of the foregoing has ever operated a ground ambulance service without the required certification or licensure in this or any other state.”
- The term “person” should be defined as “Person” means an individual or entity.
- The word “entity” should be defined as “Entity” includes a corporation, not for profit corporation, profit and not for profit unincorporated association, nonprofit corporation, close corporation, corporation sole, limited liability company, professional corporation, association or limited liability company, business trust, estate, partnership, registered limited liability partnership, trust, joint venture, any two or more persons having a joint or common economic interest, or any political subdivision or government agency.

The following argument was made in support of the changes:

“By way of background we note that the regulations, at various times, refer to an “applicant”, a “certificate holder”, and a “person”. Both “applicant” and “certificate holder” are defined terms (*see*, respectively, §R9-25-901(6) and (11)). “Person” is not defined (1). In addition to the three various ways of referring to a participant in the CON process, we believe that it is unnecessary to interject yet a fourth way of referring to such participant (i.e. “Owner”). Indeed, given that the word “owner” is used only three times in the regulations, we believe it to be a rather simple matter to delete all three of those references, thereby obviating the need to separately define it. (1) As is noted later in this letter, in the interest of clarity, we believe that “person” should be defined, and we will, accordingly, propose an appropriate definition.

Evaluation: The Department agrees that the use of the term “owner” is duplicative of the terms “applicant” and “certificate holder.” Therefore, with the agreement of the commenter, the Department has:

- Revised R9-902(A)(1)(b)(i) to read “Each applicant and individual responsible for managing the ground ambulance service;”
- Revised R9-25-902(A)(1)(p) to read “The signature of the applicant or the applicant’s designated representative;”
- Revised R9-25-902(A)(2)(g) to read “Whether an applicant or a designated manager;”
- Amended the definition of “applicant”
- Deleted the term “owner,” and
- Amended those rules that use the term “owner.”

In addition, the Department agrees that the term “person” should be defined. A definition of “person” using the definition of “person” in A.R.S. §1-215 has been added.

2. Comment: (Oral comment 25-03)

The comment was made that the word “and” in R9-25-1002(24) be deleted, because it appears to be a typographical error.

Evaluation: The Department agrees that the language is unclear. The Department has amended the rule to clarify the requirement. “Padding over exit areas from and sharp edges in the patient compartment” is changed to “Padding over exit areas from the patient compartment and over sharp edges in the patient compartment.”

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

13. Incorporations by reference and their location in the rules:

None

14. Was the rule previously adopted as an emergency rule?

No

15. The full text of the rules follows:

TITLE 9. HEALTH SERVICES

**CHAPTER 25. DEPARTMENT OF HEALTH SERVICES
EMERGENCY MEDICAL SERVICES**

ARTICLE 9. GROUND AMBULANCE CERTIFICATE OF NECESSITY

R9-25-901. Definitions (A.R.S. § 36-2202 (A))

R9-25-902. Application for an Initial Certificate of Necessity; Provision of ALS Services; Transfer of a Certificate of Necessity (A.R.S. §§ 36-2204, 36-2232, 36-2233(B), 36-2236(A) and (B), 36-2240)

R9-25-903. Determining Public Necessity (A.R.S. § 36-2233(B)(2))

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- R9-25-904. Application for Renewal of a Certificate of Necessity (A.R.S. §§ 36-2233, 36-2235, 36-2240)
R9-25-905. Application for Amendment of a Certificate of Necessity (A.R.S. §§ 36-2232(A)(4), 36-2240)
R9-25-906. Determining Response Times, Response Codes, and Response-Time Tolerances for Certificates of Necessity and Provision of ALS Services (A.R.S. §§ 36-2232, 36-2233)
R9-25-907. Observance of Service Area; Exceptions (A.R.S. § 36-2232)
R9-25-908. Transport Requirements; Exceptions (A.R.S. §§ 36-2224, 36-2232)
R9-25-909. Certificate of Insurance or Self-Insurance (A.R.S. §§ 36-2232, 36-2233, 36-2237)
R9-25-910. Record and Reporting Requirements (A.R.S. §§ 36-2232, 36-2241, 36-2246)
R9-25-911. Ground Ambulance Service Advertising (A.R.S. § 36-2232)
R9-25-912. Disciplinary Action (A.R.S. §§ 36-2244, 36-2245)

ARTICLE 10. GROUND AMBULANCE VEHICLE REGISTRATION

- R9-25-1001. Initial and Renewal Application for a Certificate of Registration (A.R.S. §§ 36-2212, 36-2232, 36-2240)
R9-25-1002. Minimum Standards for Ground Ambulance Vehicles (A.R.S. § 36-2202(A)(5))
R9-25-1003. Minimum Equipment and Supplies for Ground Ambulance Vehicles (A.R.S. § 36-2202(A)(5))
R9-25-1004. Minimum Staffing Requirements for Ground Ambulance Vehicles (A.R.S. §§ 36-2201(4), 36-2202(A)(5))
R9-25-1005. Ground Ambulance Vehicle Inspection; Major and Minor Defects (A.R.S. §§ 36-2202(A)(5), 36-2212, 36-2232, 36-2234)
R9-25-1006. Ground Ambulance Service Vehicle Identification (A.R.S. §§ 36-2212, 36-2232)

ARTICLE 11. GROUND AMBULANCE SERVICE RATES AND CHARGES; CONTRACTS

- R9-25-1101. Application for Establishment of Initial General Public Rates (A.R.S. §§ 36-2232, 36-2239)
R9-25-1102. Application for Adjustment of General Public Rates (A.R.S. §§ 36-2234, 36-2239)
R9-25-1103. Application for a Contract Rate or Range of Rates Less than General Public Rates (A.R.S. §§ 36-2234(G) and (I), 36-2239)
R9-25-1104. Ground Ambulance Service Contracts (A.R.S. §§ 36-2232, 36-2234(K))
R9-25-1105. Application for Provision of Subscription Service and Establish a Subscription Service Rate (A.R.S. §36-2232(A)(1))
R9-25-1106. Rate of Return Setting Considerations (A.R.S. §§ 36-2232, 36-2239)
R9-25-1107. Rate Calculation Factors (A.R.S. § 36-2232)
R9-25-1108. Implementation of Rates and Charges (A.R.S. §§ 36-2232, 36-2239)
R9-25-1109. Charges (A.R.S. §§ 36-2232, 36-2239(D))
R9-25-1110. Invoices (A.R.S. §§ 36-2234, 36-2239)

ARTICLE 12. TIME-FRAMES FOR DEPARTMENT APPROVALS

- R9-25-1201. Ground Ambulance Time-frames (A.R.S. §§ 41-1072 through 41-1079)
Exhibit A. Ambulance Revenue and Cost Report, General Information and Certification
Exhibit B. Ambulance Revenue and Cost Report, Fire District and Small Rural Company

ARTICLE 9. GROUND AMBULANCE CERTIFICATE OF NECESSITY

R9-25-901. Definitions (A.R.S. § 36-2202 (A))

In addition to the definitions in R9-25-101, the following definitions apply in Articles 9, 10, 11, and 12 unless otherwise specified:

1. "Adjustment" means a modification, correction, or alteration to a rate or charge.
2. "ALS" has the same meaning as in R9-25-101(8).
3. "ALS base rate" means the monetary amount assessed to a patient according to A.R.S. § 36-2239(F).
4. "Ambulance attendant" has the same meaning as in A.R.S. § 36-2201(4).
5. "Ambulance Revenue and Cost Report" means Exhibit A or Exhibit B, which records and reports the financial activities of an applicant or a certificate holder.
6. "Applicant" means:
 - a. An individual, if a sole proprietorship;
 - b. The corporation's officers, if a corporation;
 - c. The managing partner, if a partnership or limited liability partnership;
 - d. The designated manager, or if no manager is designated, the members of the limited liability company, if a limited liability company;
 - e. The designated representative of a public corporation that has controlling legal or equitable interest and authority in a ground ambulance service;
 - f. The designated representative of a political subdivision that has controlling legal or equitable interest and authority in a ground ambulance service; or

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- g. The designated representative of a government agency that has controlling legal or equitable interest and authority in a ground ambulance service.
7. "Application packet" means the fee, documents, forms, and additional information the Department requires to be submitted by an applicant or on an applicant's behalf.
8. "Back-up agreement" means a written arrangement between a certificate holder and a neighboring certificate holder for temporary coverage during limited times when the neighboring certificate holder's ambulances are not available for service in its service area.
9. "BLS" has the same meaning as in R9-25-101(13).
10. "BLS base rate" means the monetary amount assessed to a patient according to A.R.S. § 36-2239(G).
11. "Certificate holder" means a person to whom the Department issues a certificate of necessity.
12. "Certificate of necessity" has the same meaning as in A.R.S. § 36-2201(8).
13. "Certificate of registration" means an authorization issued by the Department to a certificate holder to operate a ground ambulance vehicle.
14. "Change of ownership" means:
- a. In the case of ownership by a sole proprietor, 20% or more interest or a beneficial interest is sold or transferred;
 - b. In the case of ownership by a partnership or a private corporation, 20% or more of the stock, interest, or beneficial interest is sold or transferred; or
 - c. The controlling influence changes to the extent that the management and control of the ground ambulance service is significantly altered.
15. "Charge" means the monetary amount assessed to a patient for disposable supplies, medical supplies, medication, and oxygen-related costs.
16. "Chassis" means the part of a ground ambulance vehicle consisting of all base components, including the frame, front and rear suspension, exhaust system, brakes, engine, engine hood or cover, transmission, front and rear axles, front fenders, drive train and shaft, fuel system, engine air intake and filter, accelerator pedal, steering wheel, tires, heating and cooling system, battery, and operating controls and instruments.
17. "Convalescent transport" means a scheduled transport other than an interfacility transport.
18. "Day" means calendar day.
19. "Dispatch" means the direction to a ground ambulance service or vehicle to respond to a call for EMS or transport.
20. "Driver's compartment" means the part of a ground ambulance vehicle that contains the controls and instruments for operation of the ground ambulance vehicle.
21. "Emergency medical services" or "EMS" has the same meaning as in A.R.S. § 36-2201(14).
22. "EMT" has the same meaning as in R9-25-101(31).
23. "Financial statements" means an applicant's balance sheet, annual income statement, and annual cash flow statement.
24. "Fit and proper" has the same meaning as in A.R.S. § 36-2201(19).
25. "Frame" means the structural foundation on which a ground ambulance vehicle chassis is constructed.
26. "General public rate" means the monetary amount assessed to a patient by a ground ambulance service for ALS, BLS, mileage, standby waiting, or according to a subscription service contract.
27. "Generally accepted accounting principles" means the conventions, and rules and procedures for accounting, including broad and specific guidelines, established by the Financial Accounting Standards Board.
28. "Goodwill" means the difference between the purchase price of a ground ambulance service and the fair market value of the ground ambulance service's identifiable net assets.
29. "Gross revenue" means:
- a. The sum of revenues reported in the Ambulance Revenue and Cost Report Exhibit A, page 2, lines 1, 9, and 20;
or
 - b. The sum of revenues reported in the Ambulance Revenue and Cost Report Exhibit B, page 3, lines 1, 24, 25, and 26.
30. "Ground ambulance service" means an ambulance service that operates on land.
31. "Ground ambulance service contract" means a written agreement between a certificate holder and a person for the provision of ground ambulance service.
32. "Ground ambulance vehicle" means a motor vehicle, defined in A.R.S. § 28-101, specifically designed to transport ambulance attendants and patients on land.
33. "Health care institution" has the same meaning as in A.R.S. § 36-401(A)(21).
34. "Indirect costs" means the cost of providing ground ambulance service that does not include the costs of equipment.
35. "Interfacility transport" means a scheduled transport between 2 health care institutions.
36. "Level of service" means ALS or BLS ground ambulance service, including the type of ambulance attendants used by the ground ambulance service.
37. "Major defect" means a condition that exists on a ground ambulance vehicle that requires the Department or the certificate holder to place the ground ambulance vehicle out-of-service.

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38. "Mileage rate" means the monetary amount assessed to a patient for each mile traveled from the point of patient pick-up to the patient's destination point.
39. "Minor defect" means a condition that exists on a ground ambulance vehicle that is not a major defect.
40. "Needs assessment" means a study or statistical analysis that examines the need for ground ambulance service within a service area or proposed service area that takes into account the current or proposed service area's medical, fire, and police services.
41. "Out-of-service" means a ground ambulance vehicle cannot be operated to transport patients.
42. "Patient" means an individual who is sick, injured, or wounded or who requires medical monitoring, medical treatment, or transport.
43. "Patient compartment" means the ground ambulance vehicle body part that holds a patient.
44. "Person" has the same meaning as in A.R.S. § 1-215(28) and includes a political subdivision or governmental agency.
45. "Public necessity" means an identified population needs or requires all or part of the services of a ground ambulance service.
46. "Response code" means the priority assigned to a request for immediate dispatch by a ground ambulance service on the basis of the information available to the certificate holder or the certificate holder's dispatch authority.
47. "Response time" means the difference between the time a certificate holder is notified that a need exists for immediate dispatch and the time the certificate holder's first ground ambulance vehicle arrives at the scene. Response time does not include the time required to identify the patient's need, the scene, and the resources necessary to meet the patient's need.
48. "Response-time tolerance" means the percentage of actual response times for a response code and scene locality that are compliant with the response time approved by the Department for the response code and scene locality, for any 12-month period.
49. "Rural area" means a geographic region with a population of less than 40,000 residents that is not a suburban area.
50. "Scene" means the location of the patient or the closest point to the patient at which the ground ambulance vehicle can arrive.
51. "Scene locality" means an urban, suburban, rural, or wilderness area.
52. "Scheduled transport" means to convey a patient at a prearranged time by a ground ambulance vehicle for which an immediate dispatch and response is not necessary.
53. "Service area" means the geographical boundary designated in a certificate of necessity using the criteria in A.R.S. § 36-2233(E).
54. "Settlement" means the difference between the monetary amount Medicare establishes or AHCCCS pays as an allowable rate and the general public rate a ground ambulance service assesses a patient.
55. "Standby waiting rate" means the monetary amount assessed to a patient by a certificate holder when a ground ambulance vehicle is required to wait in excess of 15 minutes to load or unload the patient, unless the excess delay is caused by the ground ambulance vehicle or the ambulance attendants on the ground ambulance vehicle.
56. "Suboperation station" has the same meaning as in A.R.S. § 36-2201(25).
57. "Subscription service" means the provision of EMS or transport by a certificate holder to a group of individuals within the certificate holder's service area and the allocation of annual costs among the group of individuals.
58. "Subscription service contract" means a written agreement for subscription service.
59. "Subscription service rate" means the monetary amount assessed to a person under a subscription service contract.
60. "Substandard performance" means a certificate holder's:
 - a. Noncompliance with A.R.S. Title 36, Chapter 21.1, Articles 1 and 2, or 9 A.A.C. 25, or the terms of the certificate holder's certificate of necessity, including all decisions and orders issued by the Director to the certificate holder;
 - b. Failure to ensure that an ambulance attendant complies with A.R.S. Title 36, Chapter 21.1, Articles 1 and 2, or 9 A.A.C. 25, for the level of ground ambulance service provided by the certificate holder; or
 - c. Failure to meet the requirements in 9 A.A.C. 25, Article 10.
61. "Suburban area" means a geographic region within a 10-mile radius of an urban area that has a population density equal to or greater than 1,000 residents per square mile.
62. "Third-party payor" means a person, other than a patient, who is financially responsible for the payment of a patient's assessed general public rates and charges for EMS or transport provided to the patient by a ground ambulance service.
63. "Transfer" means:
 - a. A change of ownership or type of business entity; or
 - b. To move a patient from a ground ambulance vehicle to an air ambulance.
64. "Transport" means the conveyance of 1 or more patients in a ground ambulance vehicle from the point of patient pick-up to the patient's initial destination.
65. "Type of ground ambulance service" means an interfacility transport, a convalescent transport, or a transport that requires an immediate response.

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66. "Urban area" means a geographic region delineated as an urbanized area by the United States Department of Commerce, Bureau of the Census.
67. "Wilderness area" means a geographic region that has a population density of less than 1 resident per square mile.

R9-25-902. Application for an Initial Certificate of Necessity; Provision of ALS Services; Transfer of a Certificate of Necessity (A.R.S. §§ 36-2204, 36-2232, 36-2233(B), 36-2236(A) and (B), 36-2240)

A. An applicant for an initial certificate of necessity shall submit to the Department an application packet that includes:

1. An application form that contains:
 - a. The legal business or corporate name, address, telephone number, and facsimile number of the ground ambulance service;
 - b. The name, title, address, and telephone number of the following:
 - i. Each applicant and individual responsible for managing the ground ambulance service;
 - ii. The business representative or designated manager;
 - iii. The individual to contact to access the ground ambulance service's records required in R9-25-910; and
 - iv. The statutory agent for the ground ambulance service, if applicable;
 - c. The name, address, and telephone number of the base hospital or centralized medical direction communications center for the ground ambulance service;
 - d. The address and telephone number of the ground ambulance service's dispatch center;
 - e. The address and telephone number of each suboperation station located within the proposed service area;
 - f. Whether the ground ambulance service is a corporation, partnership, sole proprietorship, limited liability corporation, or other;
 - g. Whether the business entity is proprietary, non-profit, or governmental;
 - h. A description of the communication equipment to be used in each ground ambulance vehicle and suboperation station;
 - i. The make and year of each ground ambulance vehicle to be used by the ground ambulance service;
 - j. The number of ambulance attendants and the type of licensure, certification, or registration for each attendant;
 - k. The proposed hours of operation for the ground ambulance service;
 - l. The type of ground ambulance service;
 - m. The level of ground ambulance service;
 - n. Acknowledgment that the applicant:
 - i. Is requesting to operate ground ambulance vehicles and a ground ambulance service in this state;
 - ii. Has received a copy of 9 A.A.C. 25 and A.R.S. Title 36, Chapter 21.1; and
 - iii. Will comply with the Department's statutes and rules in any matter relating to or affecting the ground ambulance service;
 - o. A statement that any information or documents submitted to the Department are true and correct; and
 - p. The signature of the applicant or the applicant's designated representative;
2. The following information:
 - a. Where the ground ambulance vehicles in subsection (A)(1)(i) are located within the applicant's proposed service area;
 - b. A statement of the proposed general public rates;
 - c. A statement of the proposed charges;
 - d. The applicant's proposed response times, response codes, and response-time tolerances for each scene locality in the proposed service area, based on the following:
 - i. The population demographics within the proposed service area;
 - ii. The square miles within the proposed service area;
 - iii. The medical needs of the population within the proposed service area;
 - iv. The number of anticipated requests for each type and level of ground ambulance service in the proposed service area;
 - v. The available routes of travel within the proposed service area;
 - vi. The geographic features and environmental conditions within the proposed service area; and
 - vii. The available medical and emergency medical resources within the proposed service area;
 - e. A plan to provide temporary ground ambulance service to the proposed service area for a limited time when the applicant is unable to provide ground ambulance service to the proposed service area;
 - f. Whether a ground ambulance service currently operates in all or part of the proposed service area and if so, where; and
 - g. Whether an applicant or a designated manager:
 - i. Has ever been convicted of a felony or a misdemeanor involving moral turpitude;
 - ii. Has ever had a license or certificate of necessity for a ground ambulance service suspended or revoked by any state or political subdivision; or

- iii. Has ever operated a ground ambulance service without the required certification or licensure in this or any other state;
- 3. The following documents:
 - a. A description of the proposed service area by any method specified in A.R.S. § 36-2233(E) and a map that illustrates the proposed service area;
 - b. A projected Ambulance Revenue and Cost Report;
 - c. The financing agreement for all capital acquisitions exceeding \$5,000;
 - d. The source and amount of funding for cash flow from the date the ground ambulance service commences operation until the date cash flow covers monthly expenses;
 - e. Any proposed ground ambulance service contract under A.R.S. §§ 36-2232(A)(1) and 36-2234(K);
 - f. The information and documents specified in R9-25-1101, if the applicant is requesting to establish general public rates;
 - g. Any subscription service contract under A.R.S. §§ 36-2232(A)(1) and 36-2237(B);
 - h. A certificate of insurance or documentation of self-insurance required in A.R.S. § 36-2237(A) and R9-25-909;
 - i. A surety bond if required under A.R.S. § 36-2237(B); and
 - j. The applicant's and designated manager's resume or other description of experience and qualification to operate a ground ambulance service; and
- 4. Any documents, exhibits, or statements that may assist the Director in evaluating the application or any other information or documents needed by the Director to clarify incomplete or ambiguous information or documents.
- B. Before an applicant provides ALS, the applicant shall submit to the Department the application packet required in subsection (A) and the following:
 - 1. A current written contract for ALS medical direction; and
 - 2. Proof of professional liability insurance for ALS personnel required in R9-25-909(A)(1)(b).
- C. When requesting a transfer of a certificate of necessity:
 - 1. The person wanting to transfer the certificate of necessity shall submit a letter to the Department that contains:
 - a. A request that the certificate of necessity be transferred; and
 - b. The name of the person to whom the certificate of necessity is to be transferred; and
 - 2. The person identified in subsection (C)(1)(b) shall submit:
 - a. The application packet in subsection (A); and
 - b. The information in subsection (B), if ALS is provided.
- D. An applicant shall submit the following fees:
 - 1. \$100 application filing fee for an initial certificate of necessity; or
 - 2. \$50 application filing fee for a transfer of a certificate of necessity.
- E. The Department shall approve or deny an application under this Section according to 9 A.A.C. 25, Article 12.

R9-25-903. Determining Public Necessity (A.R.S. § 36-2233(B)(2))

- A. In determining public necessity for an initial or amended certificate of necessity, the Director shall consider the following:
 - 1. The response times, response codes, and response-time tolerances proposed by the applicant for the service area;
 - 2. The population demographics within the proposed service area;
 - 3. The geographic distribution of health care institutions within and surrounding the service area;
 - 4. Whether issuing a certificate of necessity to more than one ambulance service within the same service area is in the public's best interest, based on:
 - a. The existence of ground ambulance service to all or part of the service area;
 - b. The response times of and response-time tolerances for ground ambulance service to all or part of the service area;
 - c. The availability of certificate holders in all or part of the service area; and
 - d. The availability of emergency medical services in all or part of the service area;
 - 5. The information in R9-25-902(A)(1) and (A)(2); and
 - 6. Other matters determined by the Director or the applicant to be relevant to the determination of public necessity.
- B. In deciding whether to issue a certificate of necessity to more than 1 ground ambulance service for convalescent or inter-facility transport for the same service area or overlapping service areas, the Director shall consider the following:
 - 1. The factors in subsection (A)(2),(3),(4)(a),(4)(c),(4)(d),(5), and (6);
 - 2. The financial impact on certificate holders whose service area includes all or part of the service area in the requested certificate of necessity;
 - 3. The need for additional convalescent or interfacility transport; and
 - 4. Whether a certificate holder for the service area has demonstrated substandard performance.
- C. In deciding whether to issue a certificate of necessity to more than 1 ground ambulance service for a 9-1-1 or similarly dispatched transport within the same service area or overlapping service areas, the Director shall consider the following:
 - 1. The factors in subsections (A), (B)(2), and (B)(4);
 - 2. The difference between the response times in the service area and proposed response times by the applicant;

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3. A needs assessment adopted by a political subdivision, if any; and
4. A needs assessment, referenced in A.R.S. § 36-2210, adopted by a local emergency medical services coordinating system, if any.

R9-25-904. Application for Renewal of a Certificate of Necessity (A.R.S. §§ 36-2233, 36-2235, 36-2240)

- A.** An applicant for a renewal of a certificate of necessity shall submit to the Department, not less than 60 days before the expiration date of the certificate of necessity, an application packet that includes:
1. An application form that contains the information in R9-25-902(A)(1)(a) through (A)(1)(m) and the signature of the applicant;
 2. Proof of continuous insurance coverage or a statement of continuing self-insurance, including a copy of the current certificate of insurance or current statement of self-insurance required in R9-25-909;
 3. Proof of continued coverage by a surety bond if required under A.R.S. §§ 36-2237(B);
 4. A copy of the list of current charges required in R9-25-1109;
 5. An affirmation that the certificate holder has and is continuing to meet the conditions of the certificate of necessity, including assessing only those rates and charges approved and set by the Director; and
 6. \$50 application filing fee.
- B.** A certificate holder who fails to file a timely application for renewal of the certificate of necessity according to A.R.S. § 36-2235 and this Section, shall cease operations at 12:01 a.m. on the date the certificate of necessity expires.
- C.** To commence operations after failing to file a timely renewal application, a person shall file an initial certificate of necessity application according to R9-25-902 and meet all the requirements for an initial certificate of necessity.
- D.** The Department shall approve or deny an application under this Section according to 9 A.A.C. 25, Article 12.

R9-25-905. Application for Amendment of a Certificate of Necessity (A.R.S. §§ 36-2232(A)(4), 36-2240)

- A.** A certificate holder that wants to amend its certificate of necessity shall submit to the Department the application form in R9-25-902(A)(1) and an application filing fee of \$50 for changes in:
1. The legal name of the ground ambulance service;
 2. The legal address of the ground ambulance service;
 3. The level of ground ambulance service;
 4. The type of ground ambulance service;
 5. The service area; or
 6. The response times, response codes, or response-time tolerances.
- B.** In addition to the application form in subsection (A), an amending certificate holder shall submit:
1. For the addition of ALS ground ambulance service, the information required in R9-25-902(B)(1) and (B)(2).
 2. For a change in the service area, the information required in R9-25-902(A)(3)(a);
 3. For a change in response times, the information required in subsection R9-25-902(A)(2)(d);
 4. A statement explaining the financial impact and impact on patient care anticipated by the proposed amendment;
 5. Any other information or documents requested by the Director to clarify incomplete or ambiguous information or documents; and
 6. Any documents, exhibits, or statements that the amending certificate holder wishes to submit to assist the Director in evaluating the proposed amendment.
- C.** The Department shall approve or deny an application under this Section according to 9 A.A.C. 25, Article 12.

R9-25-906. Determining Response Times, Response Codes, and Response-Time Tolerances for Certificates of Necessity and Provision of ALS Services (A.R.S. §§ 36-2232, 36-2233)

In determining response times, response codes, and response-time tolerances for all or part of a service area, the Director may consider the following:

1. Differences in scene locality, if applicable;
2. Requirements of a 9-1-1 or similar dispatch system for all or part of the service area;
3. Requirements in a contract approved by the Department between a ground ambulance service and a political subdivision;
4. Medical prioritization for the dispatch of a ground ambulance vehicle according to procedures established by the certificate holder's medical direction authority; and
5. Other matters determined by the Director to be relevant to the measurement of response times, response codes, and response-time tolerances.

R9-25-907. Observance of Service Area; Exceptions (A.R.S. § 36-2232)

A certificate holder shall not provide EMS or transport within an area other than the service area identified in the certificate holder's certificate of necessity except:

1. When authorized by a service area's dispatch, before the service area's ground ambulance vehicle arrives at the scene;
or
2. According to a back-up agreement.

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R9-25-908. Transport Requirements; Exceptions (A.R.S. §§ 36-2224, 36-2232)

A certificate holder shall transport a patient except:

1. As limited by A.R.S. § 36-2224;
2. If the patient is in a health care institution and the patient's medical condition requires a level of care or monitoring during transport that exceeds the scope of practice of the ambulance attendants' certification;
3. If the transport may result in an immediate threat to the ambulance attendant's safety, as determined by the ambulance attendant, certificate holder, or medical direction authority;
4. If the patient is more than 17 years old and refuses to be transported; or
5. If the patient is in a health care institution and does not meet the federal requirements for medically necessary ground vehicle ambulance transport as identified in 42 CFR 410.40.

R9-25-909. Certificate of Insurance or Self-Insurance (A.R.S. §§ 36-2232, 36-2233, 36-2237)

A. A certificate holder shall:

1. Maintain with an insurance company authorized to transact business in this state:
 - a. A minimum single occurrence automobile liability insurance coverage of \$500,000 for ground ambulance vehicles; and
 - b. A minimum single occurrence malpractice or professional liability insurance coverage of \$500,000; or
2. Be self-insured for the amounts in subsection (A)(1).

B. A certificate holder shall submit to the Department:

1. A copy of the certificate of insurance; or
2. Documentation of self-insurance.

C. A certificate holder shall submit a copy of the certificate of insurance to the Department no later than 5 days after the date of issuance of:

1. A renewal of the insurance policy; or
2. A change in insurance coverage or insurance company.

R9-25-910. Record and Reporting Requirements (A.R.S. §§ 36-2232, 36-2241, 36-2246)

A. A certificate holder shall submit to the Department, no later than 180 days after the certificate holder's fiscal year end, the appropriate Ambulance Revenue and Cost Report.

B. According to A.R.S. § 36-2241, a certificate holder shall maintain the following records for the Department's review and inspection:

1. The certificate holder's financial statements;
2. All federal and state income tax records;
3. All employee-related expense reports and payroll records;
4. All bank statements and documents verifying reconciliation;
5. All documents establishing the depreciation of assets, such as schedules or accounting records on ground ambulance vehicles, equipment, office furniture, and other plant and equipment assets subject to depreciation;
6. All first care forms required in R9-25-514 and R9-25-615;
7. All patient billing and reimbursement records;
8. All dispatch records, including the following:
 - a. The name of the ground ambulance service;
 - b. The month of the record;
 - c. The date of each transport;
 - d. The number assigned to the ground ambulance vehicle by the certificate holder;
 - e. Names of the ambulance attendants;
 - f. The scene;
 - g. The actual response time;
 - h. The response code;
 - i. The scene locality;
 - j. Whether the scene to which the ground ambulance vehicle is dispatched is outside of the certificate holder's service area; and
 - k. Whether the dispatch is a scheduled transport;
9. All ground ambulance service back-up agreements, contracts, grants, and financial assistance records related to ground ambulance vehicles, EMS, and transport;
10. All written ground ambulance service complaints; and
11. Information about destroyed or otherwise irretrievable records in a file including:
 - a. A list of each record destroyed or otherwise irretrievable;
 - b. A description of the circumstances under which each record became destroyed or otherwise irretrievable; and
 - c. The date each record was destroyed or became otherwise irretrievable.

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R9-25-911. Ground Ambulance Service Advertising (A.R.S. § 36-2232)

- A.** A certificate holder shall not advertise that it provides a type or level of ground ambulance service or operates in a service area different from that granted in the certificate of necessity.
- B.** When advertising, a certificate holder shall not direct the circumvention of the use of 9-1-1 or another similarly designated emergency telephone number.

R9-25-912. Disciplinary Action (A.R.S. §§ 36-2244, 36-2245)

- A.** After notice and opportunity to be heard is given according to the procedures in A.R.S. Title 41, Chapter 6, Article 10, a certificate of necessity may be suspended, revoked, or other disciplinary action taken for the following reasons:
- 1.** The certificate holder has:
 - a.** Demonstrated substandard performance; or
 - b.** Been determined not to be fit and proper by the Director;
 - 2.** The certificate holder has provided false information or documents:
 - a.** On an application for a certificate of necessity;
 - b.** Regarding any matter relating to its ground ambulance vehicles or ground ambulance service; or
 - c.** To a patient, third-party payor, or other person billed for service; or
 - 3.** The certificate holder has failed to:
 - a.** Comply with the applicable requirements of A.R.S. Title 36, Chapter 21.1, Articles 1 and 2 or 9 A.A.C. 25; or
 - b.** Comply with any term of its certificate of necessity or any rates and charges schedule filed by the certificate holder and approved by the Department.
- B.** In determining the type of disciplinary action to impose under A.R.S. § 36-2245, the Director shall consider:
- 1.** The severity of the violation relative to public health and safety;
 - 2.** The number of violations relative to the annual transport volume of the certificate holder;
 - 3.** The nature and circumstances of the violation;
 - 4.** Whether the violation was corrected, the manner of correction, and the time-frame involved; and
 - 5.** The impact of the penalty or assessment on the provision of ground ambulance service in the certificate holder's service area.

ARTICLE 10. GROUND AMBULANCE VEHICLE REGISTRATION

R9-25-1001. Initial and Renewal Application for a Certificate of Registration (A.R.S. §§ 36-2212, 36-2232, 36-2240)

- A.** A person applying for an initial or renewal certificate of registration of a ground ambulance vehicle shall submit an application form to the Department that contains:
- 1.** The applicant's legal business or corporate name;
 - 2.** The applicant's mailing address, physical address of the business, and business, facsimile, and emergency telephone numbers;
 - 3.** The identifying information of the ground ambulance vehicle, including:
 - a.** The make of the ground ambulance vehicle;
 - b.** The ground ambulance vehicle manufacture year;
 - c.** The ground ambulance vehicle identification number;
 - d.** The unit number of the ground ambulance vehicle;
 - e.** The ground ambulance vehicle's state license number; and
 - f.** The location at which the ground ambulance vehicle will be available for inspection;
 - 4.** The identification number of the certificate of necessity to which the ground ambulance vehicle is registered;
 - 5.** The name and telephone number of the person to contact to arrange for inspection, if the inspection is pre-announced; and
 - 6.** The signature of the applicant or applicant's designated representative.
- B.** Under A.R.S. § 36-2232(A)(11), the Department shall inspect each ambulance before an initial certificate of registration is issued by the Department.
- C.** Under A.R.S. § 36-2232(A)(11), the Department shall either inspect an ambulance or receive an inspection report that meets the requirements in this Article by a Department-approved inspection facility before a renewal certificate of registration is issued by the Department.
- D.** An applicant shall submit the following fees:
- 1.** \$50 application filing fee for an initial certificate of registration;
 - 2.** \$200 annual regulatory fee for each ground ambulance vehicle issued a certificate of registration; and
 - 3.** \$50 application filing fee for the renewal of a certificate of registration.
- E.** The Department shall approve or deny an application under this Section according to 9 A.A.C. 25, Article 12.

R9-25-1002. Minimum Standards for Ground Ambulance Vehicles (A.R.S. § 36-2202(A)(5))

An applicant for a certificate of registration or certificate holder shall ensure a ground ambulance vehicle is equipped with the following:

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1. An engine intake air cleaner that meets the ground ambulance vehicle manufacturer's engine specifications;
2. A brake system that meets the requirements in A.R.S. § 28-952;
3. A cooling system in the engine compartment that maintains the engine temperature operating range required to prevent damage to the ground ambulance vehicle engine;
4. A battery:
 - a. With no leaks, corrosion, or other visible defects; and
 - b. As measured by a voltage meter, capable of generating:
 - i. 12.6 volts at rest; and
 - ii. 13.2 to 14.2 volts on high idle with all electrical equipment turned on;
5. A wiring system in the engine compartment designed to prevent the wire from being cut by or tangled in the engine or hood;
6. Hoses, belts, and wiring with no visible defects;
7. An electrical system capable of maintaining a positive charge while the ground ambulance vehicle is stationary and operating at high idle with headlights, running lights, patient compartment lights, environmental systems, and all warning devices turned on;
8. An exhaust pipe, muffler, and tailpipe under the ground ambulance vehicle and securely attached to the chassis;
9. A frame capable of supporting the gross vehicle weight of the ground ambulance vehicle;
10. A horn that meets the requirements in A.R.S. § 28-954(A);
11. A siren that meets the requirements in A.R.S. § 28-954(E);
12. A front bumper that is positioned at the forward-most part of the ground ambulance vehicle extending to the ground ambulance vehicle's outer edges;
13. A fuel cap of a type specified by the manufacturer for each fuel tank;
14. A steering system to include:
 - a. Power-steering belts free from frays, cracks, or slippage;
 - b. Power-steering that is free from leaks;
 - c. Fluid in the power-steering system that fills the reservoir between the full level and the add level indicator on the dipstick; and
 - d. Bracing extending from the center of the steering wheel to the steering wheel ring that is not cracked;
15. Front and rear shock absorbers that are free from leaks;
16. Tires on each axle that:
 - a. Are properly inflated;
 - b. Are of equal size, equal ply ratings, and equal type;
 - c. Are free of bumps, knots, or bulges;
 - d. Have no exposed ply or belting; and
 - e. Have tread groove depth equal to or more than 4/32";
17. An air cooling system capable of achieving and maintaining a 20°F difference between the air intake and the cool air outlet;
18. Air cooling and heater hoses secured in all areas of the ground ambulance vehicle and chassis to prevent wear due to vibration;
19. Body free of damage or rust that interferes with the physical operation of the ground ambulance vehicle or creates a hole in the driver's compartment or the patient compartment;
20. Windshield defrosting and defogging equipment;
21. Emergency warning lights that provide 360° conspicuity;
22. At least one 5 lb. ABC dry, chemical, multi-purpose fire extinguisher in a quick release bracket with a current inspection tag;
23. A heating system capable of achieving and maintaining a temperature of not less than 68° F in the patient compartment within 30 minutes;
24. Sides of the ground ambulance vehicle insulated and sealed to prevent dust, dirt, water, carbon monoxide, and gas fumes from entering the interior of the patient compartment and to reduce noise;
25. Padding over exit areas from the patient compartment and over sharp edges in the patient compartment;
26. Secured interior equipment and other objects;
27. When present, hangers or supports for equipment mounted not to protrude more than 2 inches when not in use;
28. Functional lamps and signals, including:
 - a. Bright and dim headlamps,
 - b. Brake lamps,
 - c. Parking lamps,
 - d. Backup lamps,
 - e. Tail lamps,
 - f. Turn signal lamps,

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- g. Side marker lamps;
- h. Hazard lamps;
- i. Patient loading door lamps and side spot lamps;
- j. Spot lamp in the driver's compartment and within reach of the ambulance attendant, and
- k. Patient compartment interior lamps;
- 29. Side-mounted rear vision mirrors and wide vision mirror mounted on, or attached to, the side-mounted rear vision mirrors;
- 30. A patient loading door that permits the safe loading and unloading of a patient occupying a stretcher in a supine position;
- 31. Functional open door securing devices on a patient loading door;
- 32. Patient compartment upholstery free of cuts or tears and capable of being disinfected;
- 33. A seat belt installed for each seat in the driver's compartment;
- 34. Belts or devices installed on a stretcher to be used to secure a patient;
- 35. A seat belt installed for each seat in the patient compartment;
- 36. A crash stable side or center mounting fastener of the quick release type to secure a stretcher to a ground ambulance vehicle;
- 37. Windshield and windows free of obstruction;
- 38. A windshield free from unrepaired starred cracks and line cracks that extend more than 1 inch from the bottom and sides of the windshield or that extend more than 2 inches from the top of the windshield;
- 39. A windshield-washer system that applies enough cleaning solution to clear the windshield;
- 40. Operable windshield wipers with a minimum of 2 speeds;
- 41. Functional hood latch for the engine compartment;
- 42. Fuel system with fuel tanks and lines that meets manufacturer's specifications;
- 43. Suspension system that meets the ground ambulance vehicle manufacturer's specifications;
- 44. Instrument panel that meets the ground ambulance vehicle manufacturer's specifications; and
- 45. Wheels that meet and are mounted according to manufacturer's specifications.

R9-25-1003. Minimum Equipment and Supplies For Ground Ambulance Vehicles (A.R.S. § 36-2202(A)(5))

- A.** A ground ambulance vehicle shall contain the following operational equipment and supplies:
- 1. A portable and a fixed suction apparatus;
 - 2. Wide-bore tubing, a rigid pharyngeal curved suction tip, and a flexible suction catheter in each of the following French sizes: 5, 10, and 14;
 - 3. One fixed and 1 portable oxygen cylinder, each with a variable flow regulator;
 - 4. Oxygen administration equipment including: tubing, 2 adult-size and 2 pediatric-size non-rebreather masks, and 2 adult-size and 2 pediatric-size nasal cannula;
 - 5. One adult-size, 1 child-size, and 1 infant-size hand-operated, disposable, self-expanding bag-valve with 1 of each size bag-valve mask;
 - 6. Two adult-size, 2 child-size, and 2 infant-size oropharyngeal airways;
 - 7. Two cervical immobilization devices;
 - 8. Two upper and 2 lower extremities splints;
 - 9. One traction splint;
 - 10. Two full-length spine boards;
 - 11. Supplies to secure a patient to a spine board;
 - 12. One cervical-thoracic spinal immobilization device for extrication;
 - 13. Two sterile burn sheets;
 - 14. Two triangular bandages;
 - 15. Two sterile multi-trauma dressings, 10" x 30" or larger;
 - 16. Four abdomen bandages, 5" x 7" or larger;
 - 17. Fifty non-sterile 4" x 4" gauze sponges;
 - 18. Ten non-sterile soft roller bandages, 4" or larger;
 - 19. Four non-sterile elastic roller bandages, 4" or larger;
 - 20. Four sterile occlusive dressings, 3" x 8" or larger;
 - 21. Two 2" or 3" adhesive tape rolls;
 - 22. A sterile obstetrical kit containing towels, 4" x 4" dressing, scissors, bulb suction, and clamps or tape for cord;
 - 23. One child-size, 1 adult-size, and 1 large adult-size sphygmomanometer;
 - 24. One stethoscope;
 - 25. One heavy duty scissors capable of cutting clothing, belts, or boots;
 - 26. Two blankets;
 - 27. Two sheets;

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28. Infection control materials, including 2 pairs of protective gloves, 2 gowns, 2 masks, 2 pairs of shoe coverings, 2 filtration masks, and 2 sets of protective eye wear; and
29. At least 3 pairs of non-latex gloves.
- B.** In addition to the equipment and supplies in subsection (A), a ground ambulance vehicle equipped to provide ALS shall contain the drug box required in R9-25-803 and the following:
1. One of each of the following types of intravenous solution administration sets:
 - a. A set with blood tubing;
 - b. A set capable of delivering 60 drops per cc; and
 - c. A set capable of delivering 10 or 15 drops per cc;
 2. Intravenous catheters of various sizes;
 3. Venous tourniquet;
 4. One endotracheal tube in each size from 3.0 mm to 9.0 mm;
 5. One laryngoscope with 1 adult and 1 child blade;
 6. One McGill forceps;
 7. One scalpel;
 8. One monitor defibrillator with paper;
 9. Defibrillator pads or paddles, adult and pediatric;
 10. Electrocardiogram leads;
 11. Electrodes; and
 12. One blood glucose testing kit.
- C.** A ground ambulance vehicle shall be equipped to provide, and capable of providing, voice communication between:
1. The ambulance attendant and the dispatch center.
 2. The ambulance attendant and the ground ambulance service's assigned medical direction authority, and
 3. The ambulance attendant in the patient compartment and the ground ambulance service's assigned medical direction authority.

R9-25-1004. Minimum Staffing Requirements for Ground Ambulance Vehicles (A.R.S. §§ 36-2201(4), 36-2202(A)(5))

When transporting a patient, a ground ambulance service shall staff a ground ambulance vehicle according to A.R.S. § 36-2202(I).

R9-25-1005. Ground Ambulance Vehicle Inspection; Major and Minor Defects (A.R.S. §§ 36-2202(A)(5), 36-2212, 36-2232, 36-2234)

- A.** A certificate holder shall make the ground ambulance vehicle, equipment, and supplies available for inspection at the request of the Director or the Director's authorized representative.
- B.** If inspected by the Department, a certificate holder shall allow the Director or the Director's authorized representative to ride in or operate the ground ambulance vehicle being inspected.
- C.** A certificate holder may request the Department to inspect all of the certificate holder's ground ambulance vehicles at the same date and location.
- D.** A Department-approved inspection facility may inspect a ground ambulance vehicle under A.R.S. § 36-2232(A)(11).
- E.** The Department classifies defects on a ground ambulance vehicle as major or minor as follows:

<u>INSPECTION ITEM</u>	<u>MAJOR DEFECT</u>	<u>MINOR DEFECT</u>
<u>LAMPS:</u>		
<u>Emergency warning lights</u>	<u>Lack of 360° of conspicuity</u>	<u>Cracked, broken, or missing lens</u> <u>Inoperative lamps</u>
<u>Back-up lamps</u>		<u>Inoperative</u> <u>Cracked, broken, or missing lens</u>
<u>Brake lamps</u>	<u>Both inoperative</u>	<u>1 inoperative</u>
<u>Hazard lamps</u>		<u>Inoperative</u>
<u>Head lamps</u>	<u>Inoperative</u>	<u>High beam inoperative</u> <u>Low beam inoperative</u> <u>Inoperative dimmer switch</u>
<u>Loading lamps</u>		<u>Inoperative</u> <u>Cracked, broken, or missing lens</u>
<u>Parking lamps</u>		<u>Inoperative</u>
<u>Patient Compartment interior lamps</u>	<u>All lamps inoperative</u>	<u>Inoperative individual lamps</u> <u>Missing lens</u>

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<u>Side marker lamps</u>		<u>Inoperative</u> <u>Cracked, broken, or missing lens</u>
<u>Spot lamp in driver's compartment</u>		<u>Inoperative</u>
<u>Tail lamps</u>	<u>Both inoperative</u>	<u>1 inoperative</u> <u>Cracked, broken, or missing lens</u>
<u>Turn signal lamps</u>		<u>Any turn signal lamp inoperative</u> <u>Cracked, broken, or missing lens</u>
<u>MECHANICAL, STRUCTURAL, ELECTRICAL:</u>		
<u>Bumpers</u>		<u>Loose or missing bumper</u>
<u>Defroster</u>		<u>Inoperative</u> <u>Ventilation system openings partially blocked</u>
<u>Electrical system</u>	<u>Does not comply with R9-25-1002(6)</u>	
<u>Engine compartment</u>		<u>Inoperative hood latch</u> <u>Deterioration of hoses, belts, or wiring</u> <u>Deterioration of battery hold-down clamps</u> <u>Corrosive acid buildup on battery terminals</u> <u>Incapable of generating voltage in compliance with R9-25-1002(4)(b)</u>
<u>Engine compartment wiring system</u>		<u>Does not comply with R9-25-1002(5)</u>
<u>Engine cooling system</u>	<u>Does not comply with R9-25-1002(3)</u>	<u>Leaks in system</u>
<u>Engine intake air cleaner</u>		<u>Does not comply with R9-25-1002(1)</u>
<u>Exhaust</u>	<u>Exhaust fumes in the patient or driver compartment</u>	<u>Exhaust pipe brackets not securely attached to the chassis and tailpipe</u> <u>End of tailpipe pinched or bent</u>
<u>Frame</u>	<u>Cracks in frame</u>	
<u>Fuel system</u>	<u>Fuel tank not mounted according to manufacturer's specifications</u> <u>Fuel tank brackets cracked or broken</u> <u>Leaking fuel tanks or fuel lines</u> <u>Fuel caps missing or of a type not specified by the manufacturer</u>	
<u>Ground ambulance vehicle body</u>	<u>Damage or rust to the exterior of the ground ambulance vehicle, which interferes with the operation of the ground ambulance vehicle</u> <u>Damage resulting in a hole in the driver's compartment or the patient compartment</u> <u>Holes that may allow exhaust or dust to enter the patient compartment</u> <u>Bolts attaching body to chassis loose, broken, or missing</u>	<u>Damage resulting in cuts or rips to the exterior of the ground ambulance vehicle</u>
<u>Heating and air conditioning systems</u>		<u>Unsecured hoses</u> <u>Does not maintain minimum temperature required in R9-25-1002(23) and 1002(17)</u>
<u>Horn</u>		<u>Inoperative</u>
<u>Parking brake</u>		<u>Inoperative</u>
<u>Siren</u>	<u>Inoperative</u>	

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<u>Steering</u>	<u>Steering wheel bracing cracked</u> <u>Inoperative</u>	<u>Power steering belts slipping</u> <u>Power steering belts cracked or frayed</u> <u>Fluid leaks</u> <u>Fluid does not fill the reservoir between the full level and the add level indicator on the dipstick</u>
<u>Suspension</u>	<u>Broken suspension parts</u> <u>U-bolts loose or missing</u>	<u>Bent suspension parts</u> <u>Leaking shock absorbers</u> <u>Cracks or breaks in shock absorber mounting brackets</u>
<u>Vehicle brakes</u>	<u>Inoperative</u>	<u>Fluid leaks</u>
<u>INTERIOR:</u>		
<u>Communication equipment</u>	<u>Lack of operative communication equipment</u>	<u>Inoperative communication equipment in the patient compartment</u>
<u>Edges</u>		<u>Presence of exposed sharp edges</u>
<u>Equipment</u>	<u>Inability to secure oxygen tanks</u>	<u>Inability to secure other equipment</u>
<u>Fire extinguisher</u>	<u>Absent</u>	<u>Not at full charge</u> <u>Expired inspection tag</u>
<u>Hangers</u>		<u>Supports or hangers protruding more than 2" when not in use</u>
<u>Instrument panel</u>		<u>Inoperative gauges, switches, or illumination</u>
<u>Padding</u>		<u>Missing padding over exits in the patient compartment</u>
<u>Patient compartment</u>	<u>Visible blood, body fluids, or tissue</u>	<u>Unrepaired cuts or holes in seats</u> <u>Missing pieces of floor covering</u>
<u>Seat belts and securing belts</u>	<u>Absence of seat belt or inoperative seat belt in the driver's compartment</u> <u>More than 1 inoperative seat belt in the patient compartment</u> <u>Absence of securing belts on a stretcher</u>	<u>Frayed seat belt or securing belt material</u> <u>One inoperative seat belt in the patient compartment</u>
<u>Stretcher fastener</u>	<u>Does not comply with R9-25-1002(36)</u>	
<u>EXTERIOR:</u>		
<u>Patient compartment doors</u>	<u>Completely or partially missing window panel</u>	<u>Inoperative open door securing devices</u> <u>Cracked window panels</u>
<u>Marking</u>		<u>Missing company identification</u> <u>Incorrect size or location</u>
<u>Mirrors</u>	<u>Exterior rear vision or wide vision mirrors missing</u>	<u>Cracked mirror glass</u> <u>Loose mounting bracket bolts or screws</u> <u>Broken mirrors</u> <u>Loose or broken mounting brackets</u> <u>Missing mounting bracket bolts or screws</u>

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<u>Tires</u>	<u>Tires on each axle are not of equal size, equal ply ratings, and equal type</u> <u>Bumps, knots, or bulges on any tire</u> <u>Exposed ply or belting on any tire</u> <u>Flat tire on any wheel</u>	<u>Tread groove depth less than 4/32" measured in a tread groove on any tire</u>
<u>Wheels</u>	<u>Loose or missing lug nuts</u> <u>Broken lugs</u> <u>Cracked or bent rims</u>	
<u>Windows</u>		<u>Placement of nontransparent materials which obstruct view</u> <u>Cracked or broken</u>
<u>Windshield</u>	<u>Windshield that is obstructed</u> <u>Placement of nontransparent materials which obstruct view</u>	<u>Unrepaired starred cracks or line cracks extending more than 1 inch from the bottom or side of the windshield</u> <u>Unrepaired starred cracks or line cracks extending more than 2 inches from the top of the windshield</u>
<u>Windshield- washer system</u>		<u>Does not comply with R9-25-1002(39)</u>
<u>Windshield wipers</u>	<u>Inoperative wiper on driver's side</u>	<u>Inoperative speed control</u> <u>Split or cracked wiper blade</u> <u>Inoperative wiper on passenger's side</u>

- F.** If the Department determines that there is a major defect on the ground ambulance vehicle after inspection, the certificate holder shall take the ground ambulance vehicle out-of-service until the defect is corrected.
- G.** If the Department finds a minor defect on the ground ambulance vehicle after inspection, the ground ambulance vehicle may be operated to transport patients for up to 15 days until the minor defect is corrected.
- 1.** The Department may grant an extension of time to repair the minor defect upon a written request from the certificate holder detailing the reasons for the need of an extension of time.
 - 2.** If the minor defect is not repaired within the time prescribed by the Department, and an extension has not been granted, the certificate holder shall take the ground ambulance vehicle out-of-service until the minor defect is corrected.
- H.** Within 15 days of the date of repair of the major or minor defect, the certificate holder shall submit written notice of the repair to the Department.

R9-25-1006. Ground Ambulance Vehicle Identification (A.R.S. §§ 36-2212, 36-2232)

- A.** A ground ambulance vehicle shall be marked on its sides with the certificate of registration applicant's legal business or corporate name with letters not less than 6 inches in height.
- B.** A ground ambulance vehicle marked with a level of ground ambulance service shall be equipped and staffed to provide the level of ground ambulance service identified while in service.

ARTICLE 11. GROUND AMBULANCE SERVICE GENERAL PUBLIC RATES AND CHARGES; CONTRACTS

R9-25-1101. Application for Establishment of Initial General Public Rates (A.R.S. §§ 36-2232, 36-2239)

- A.** An applicant for a certificate of necessity or a certificate holder applying for initial general public rates shall submit an application packet to the Department that includes:
- 1.** The applicant's name;
 - 2.** The requested general public rates;
 - 3.** A copy of the applicant's most recent financial statements or an Ambulance Revenue and Cost Report;
 - 4.** For a consecutive 12-month period:
 - a.** A projected income statement; and
 - b.** A projected cash-flow statement;
 - 5.** A list of all purchase agreements or lease agreements for real estate, ground ambulance vehicles, and equipment exceeding \$5,000 used in connection with the ground ambulance service, that includes the monetary amount and duration of each agreement;
 - 6.** The identification of:
 - a.** Each of the applicant's affiliations, such as a parent company or subsidiary owned or operated by the applicant; and

- b. The methodology and calculations used in allocating costs among the applicant and government entities or profit or not-for-profit businesses;
 - 7. A copy of the applicant's contract with each federal or tribal entity for ground ambulance service, if applicable;
 - 8. Other documents, exhibits, or statements that may assist the Department in setting the general public rates;
 - 9. An attestation signed by the applicant that the information and documents provided by the applicant are true and correct; and
 - 10. Any other information or documents requested by the Director to clarify or complete the application.
- B.** The Department shall approve or deny an application under this Section according to 9 A.A.C. 25, Article 12.

R9-25-1102. Application for Adjustment of General Public Rates (A.R.S. §§ 36-2234, 36-2239)

- A.** A certificate of necessity holder applying for an adjustment of general public rates not exceeding the monetary amount calculated according to A.R.S. § 36-2234(E) shall submit an application form to the Department that includes:
- 1. The name of the applicant;
 - 2. A statement that the applicant is making the request according to A.R.S. § 36-2234(E);
 - 3. A statement that the applicant has not applied for an adjustment to its general public rates within the last 6 months;
 - 4. The effective date of the proposed general public rate adjustment; and
 - 5. An attestation signed by the applicant that the information and documents provided by the applicant are true and correct.
- B.** An applicant requesting an adjustment of general public rates exceeding the monetary amount calculated according to A.R.S. § 36-2234(E) shall submit an application packet to the Department that includes:
- 1. The name of the applicant;
 - 2. A statement that the applicant is making the request according to A.R.S. § 36-2234(A);
 - 3. The reason for the general public rate adjustment request;
 - 4. A statement that the applicant has not applied for an adjustment to its general public rates within the last 6 months;
 - 5. The effective date of the proposed general public rate adjustment;
 - 6. A copy of the applicant's most recent financial statements;
 - 7. A copy of the Ambulance Revenue and Cost Report;
 - 8. For a consecutive 12-month period:
 - a. A projected income statement; and
 - b. A projected cash-flow statement;
 - 9. A list of all purchase agreements or lease agreements for real estate, ground ambulance vehicle, and equipment exceeding \$5,000 used in connection with the ground ambulance service, that includes the monetary amount and duration of each agreement;
 - 10. The identification of:
 - a. Each of the applicant's affiliations, such as a parent company or subsidiary owned or operated by the applicant; and
 - b. The methodology and calculations used in allocating costs among the applicant and government entities or profit or not for profit businesses;
 - 11. A copy of the applicant's contract with each federal or tribal entity for a ground ambulance service, if applicable;
 - 12. Other documents, exhibits, or statements that may assist the Department in setting the general public rates;
 - 13. An attestation signed by the applicant that the information and documents provided by the applicant are true and correct; and
 - 14. Any other information or documents requested by the Director to clarify or complete the application.
- C.** The Department shall approve or deny an application under this Section according to 9 A.A.C. 25, Article 12.

R9-25-1103. Application for a Contract Rate or Range of Rates Less than General Public Rates (A.R.S. §§ 36-2234(G) and (I), 36-2239)

- A.** Before providing interfacility transports or convalescent transports, a certificate holder shall apply to the Department for approval of a contract rate or range of contract rates under ARS § 36-2234(G).
- 1. For a contract rate or range of rates under § A.R.S. 36-2234(G), the certificate holder shall submit an application form to the Department that contains:
 - a. The name of the certificate holder;
 - b. A statement that the certificate holder is making the request under A.R.S. § 36-2234(G);
 - c. The contract rate or range of rates being requested; and
 - d. Information demonstrating the cost and economics of providing the transports for the requested contract rate or range of rates.
 - 2. For a contract rate or range of rates under A.R.S. § 36-2234(I), the certificate holder shall submit the information required in R9-25-1102(B)(1) and (B)(6) through (B)(14).
- B.** The Department shall approve or deny an application under this Section according to 9 A.A.C. 25, Article 12.

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R9-25-1104. Ground Ambulance Service Contracts (A.R.S. §§ 36-2232, 36-2234(K))

- A.** Before implementing a ground ambulance service contract, a certificate holder shall submit to the Department for approval a copy of the contract with a cover letter that indicates the total number of pages in the contract. The contract shall:
1. Include the certificate holder's legal name and any other name listed on the certificate holder's initial application required in R9-25-902(A)(1)(a);
 2. List the contract rate or range of rates approved by the Director according to R9-25-1101, R9-25-1102, or R9-25-1103;
 3. Comply with A.R.S. §§ 36-2201 through 36-2246 and 9 A.A.C 25; and
 4. Not preclude use of the 9-1-1 system or a similarly designated emergency telephone number.
- B.** The Department shall approve or deny an application under this Section according to 9 A.A.C. 25, Article 12.

R9-25-1105. Application for Provision of Subscription Service or Establish a Subscription Service Rate (A.R.S. §36-2232(A)(1))

- A.** A certificate holder applying to provide subscription service, establish a subscription service rate, or request approval of a subscription service contract shall submit an application packet to the Department that includes:
1. The following information:
 - a. The number of estimated subscription service contracts and documents supporting the estimate, such as a survey of the service area;
 - b. An estimate of the number of annual subscription service transports for the service area;
 - c. The proposed subscription service rate;
 - d. An estimate of the cost of providing subscription service to the service area; and
 - e. Any other information or documents that the certificate holder believes may assist the Department in setting a subscription service rate; and
 2. A copy of the proposed subscription service contract.
- B.** The Department shall approve or deny a subscription service rate under this Section according to 9 A.A.C. 25, Article 12.

R9-25-1106. Rate of Return Setting Considerations (A.R.S. §§ 36-2232, 36-2239)

- A.** In determining the rate of return on gross revenue in A.R.S. § 36-2239(I)(4), the Director shall consider a ground ambulance service's:
1. Direct and indirect costs for operating the ground ambulance service within its service area;
 2. Balance sheet;
 3. Income statement;
 4. Cash flow statement;
 5. Ratio between variable and fixed costs on the financial statements;
 6. Method of indirect costs allocation to specific cost-center areas;
 7. Return on equity;
 8. Reimbursable and non-reimbursable charges;
 9. Type of business entity;
 10. Monetary amount and type of debt financing;
 11. Replacement and expansion costs;
 12. Number of calls, transports, and billable miles;
 13. Costs associated with rules, inspections, and audits;
 14. Substantiated prior reported losses;
 15. Medicare and AHCCCS settlements; and
 16. Any other information or documents needed by the Director to clarify incomplete or ambiguous information or documents.
- B.** In determining the rate of return on gross revenue in A.R.S. § 36-2239(I)(4), the Director shall not consider:
1. Depreciation of the portion of ground ambulance vehicles and equipment obtained through Department funding.
 2. The certificate holder's travel and entertainment expenses that do not directly relate to providing the ground ambulance service.
 3. The monetary value of any goodwill accumulated by the certificate holder.
 4. Any penalties or fines imposed on the certificate holder by a court or government agency, and
 5. Any financial contributions received by the certificate holder.
- C.** In determining just, reasonable, and sufficient rates in A.R.S. § 36-2232(A)(1) the director shall establish rates to provide for a rate of return that is at least 7% of gross revenue, calculated using the accrual method of accounting according to generally accepted accounting principles, unless the certificate holder requests a lower rate of return.
- D.** Rate of return on gross revenue is calculated by dividing Ambulance Revenue and Cost Report Exhibit A or Exhibit B net income or loss by gross revenue.

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R9-25-1107. Rate Calculation Factors (A.R.S. § 36-2232)

- A.** When evaluating a proposed mileage rate, the Department shall consider the following factors:
1. The cost of licensure and registration of each ground ambulance vehicle;
 2. The cost of fuel;
 3. The cost of ground ambulance vehicle maintenance;
 4. The cost of ground ambulance vehicle repair;
 5. The cost of tires;
 6. The cost of ground ambulance vehicle insurance;
 7. The cost of mechanic wages, benefits, and payroll taxes;
 8. The cost of loan interest related to the ground ambulance vehicles;
 9. The cost of the weighted allocation of overhead;
 10. The cost of ground ambulance vehicle depreciation;
 11. The cost of reserves for replacement of ground ambulance vehicles and equipment; and
 12. Mileage reimbursement as established by Medicare guidelines for ground ambulance service.
- B.** When evaluating a proposed BLS base rate, the Department shall consider the costs associated with providing EMS and transport.
- C.** When evaluating a proposed ALS base rate, the Department shall consider the factors in subsection (B) and the additional costs of ALS ambulance equipment and ALS personnel.
- D.** In evaluating rates, the Director shall make adjustments to a certificate holder's rates to maximize Medicare reimbursements.
- E.** The Department shall determine the standby waiting rate by dividing the BLS base rate by 4.

R9-25-1108. Implementation of Rates and Charges (A.R.S. §§ 36-2232, 36-2239)

- A.** A certificate holder shall assess rates and charges as follows:
1. When calculating a rate or charge, the certificate holder shall:
 - a. Omit fractions of less than 1/2 of 1 cent; or
 - b. Increase to the next whole cent, fractions of 1/2 of 1 cent or greater.
 2. The certificate holder shall calculate the number of miles for a transport by using:
 - a. The ground ambulance vehicle's odometer reading; or
 - b. A regional map.
 3. The certificate holder shall calculate the reimbursement amount for mileage of a transport by multiplying the number of miles for the transport by the mileage rate.
 4. When transporting 2 or more patients in the same ground ambulance vehicle, the certificate holder shall assess each patient:
 - a. Fifty percent of the mileage rate and one hundred percent of the ALS or BLS base rate; and
 - b. One hundred percent of:
 - i. The charge for each disposable supply, medical supply, medication, and oxygen-related cost used on the patient; and
 - ii. Waiting time assessed according to subsection (C).
 5. When agreed upon by prior arrangement to transport a patient to 1 destination and return to the point of pick-up or to 1 destination and then to a subsequent destination, assess only the ALS or BLS base rate, mileage rate, and standby waiting rate for the transport.
- B.** When a certificate holder transfers a patient to an air ambulance, the certificate holder shall assess the patient the rates and charges for EMS and transport provided to the patient before the transfer.
- C.** A certificate holder shall assess a standby waiting rate in quarter-hour increments, except for:
1. The first 15 minutes after arrival to load the patient at the point of pick-up;
 2. The time, exceeding the first 15 minutes, required by ambulance attendants to provide necessary medical treatment and stabilization of the patient at the point of pick-up; and
 3. The first 15 minutes to unload the patient at the point of destination.
- D.** When a certificate holder responds to a request outside the certificate holder's service area, the certificate holder shall assess its own rates and charges for EMS or transport provided to the patient.
- E.** When the Department or the certificate holder determines that a refund of a rate or a charge is required, the certificate holder shall refund the rate or charge within 90 days from the date of the determination.

R9-25-1109. Charges (A.R.S. §§ 36-2232, 36-2239(D))

- A.** A certificate holder that charges patients for disposable supplies, medical supplies, medications, and oxygen-related costs shall submit to the Department a list of the items and the proposed charges. The list shall include a non-retroactive effective date.

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- B.** A certificate holder shall submit to the Department a new list each time the certificate holder proposes a change in the items or the amount charged. The list shall contain the information required in subsection (A), including a non-retroactive effective date.

R9-25-1110. Invoices (A.R.S. §§ 36-2234, 36-2239)

- A.** Each invoice for rates and charges shall contain the following:
1. The patient's name;
 2. The certificate holder's name, address, and telephone number;
 3. The date of service;
 4. An itemized list of the rates and charges assessed;
 5. The total monetary amount owed the certificate holder; and
 6. The payment due date.
- B.** Any subsequent invoice to the same patient for the same EMS or transport shall contain all the information in subsection (A) except the information in subsection (A)(4).
- C.** Charges may be combined into 1 line item if the supplies are used for a specific purpose and the name of the combined item is included in the certificate holder's disposable medical supply listing provided to the Department under R9-25-1109.
- D.** A certificate holder may combine rates and charges into 1 line item if required by a third-party payor.

ARTICLE 12. TIME-FRAMES FOR DEPARTMENT APPROVALS

R9-25-1201. Ground Ambulance Time-frames (A.R.S. §§ 41-1072 through 41-1079)

- A.** The overall time-frame described in A.R.S. § 41-1072(2) for each type of approval granted by the Department is listed in Table 1. The applicant and the Director may agree in writing to extend the overall time-frame. The substantive review time-frame may not be extended by more than 25% of the overall time-frame.
- B.** The administrative completeness review time-frame described in A.R.S. § 41-1072(1) for each type of approval granted by the Department is listed in Table 1. The administrative completeness review time-frame begins on the date that the Department receives an application form or an application packet.
1. If the application packet is incomplete, the Department shall send to the applicant a written notice specifying the missing document or incomplete information. The administrative completeness review time-frame and the overall time-frame are suspended from the postmark date of the written request until the date the Department receives a complete application packet from the applicant.
 2. When an application packet is complete, the Department shall send a written notice of administrative completeness.
 3. If the Department grants an approval during the time provided to assess administrative completeness, the Department shall not issue a separate written notice of administrative completeness.
- C.** The substantive review time-frame described in A.R.S. § 41-1072(3) is listed in Table 1 and begins on the postmark date of the notice of administrative completeness.
1. As part of the substantive review for approval of an initial or renewal certificate of registration, the Department or other Department-approved facility shall inspect the ground ambulance vehicle to be registered.
 2. If required by law or ordered by the Department Director, the Department shall hold a hearing, unless waived, as part of the substantive review. The Department shall send a notice of hearing or waiver to an applicant whose application is subject to hearing.
 3. During the substantive review time-frame, the Department may make 1 comprehensive written request for additional documents or information or a supplemental request by mutual written agreement for additional information.
 4. The time-frame for the Department to complete the substantive review and the overall time-frame are suspended from:
 - a. The postmark date of the written request for additional information or documents until the Department receives the additional information or documents, if no hearing is required;
 - b. The postmark date of the written request for additional information or documents until the Department receives the additional information or documents and the hearing is concluded or waived; or
 - c. The postmark date of the notice of hearing or waiver until the hearing is concluded or waived.
 5. The Department shall send a written notice of approval to an applicant who meets the qualifications in A.R.S. Title 36, Chapter 21.1 and this Chapter.
 6. The Department shall send a written notice of denial to an applicant who fails to meet the qualifications in A.R.S. Title 36, Chapter 21.1, and this Chapter.
- D.** The Department shall consider an application withdrawn if within 60 days, or less if required by law, from the postmark date of a written notice or request for documents or information the applicant fails to supply the documents or information under subsections (B)(1) and (C)(3).
- E.** An applicant that does not wish an application to be considered withdrawn may request a denial in writing within 60 days, or less if required by law, from the postmark date of a written notice or request for documents or information under subsection (B)(1) and (C)(3).

Notices of Final Rulemaking

F. If a time-frame's last day falls on a Saturday, Sunday, or an official state holiday, the Department shall consider the next business day as the time-frame's last day.

Table 1. Time-frames (in days)

<u>Type of Approval</u>	<u>Statutory Authority</u>	<u>Overall Time-frame</u>	<u>Administrative Completeness Time-frame</u>	<u>Substantive Review Time-frame</u>
<u>Initial Certificate of Necessity (R9-25-902)</u>	<u>A.R.S. §§ 36-2204, 36-2232, 36-2233, 36-2240</u>	<u>185</u>	<u>30</u>	<u>155</u>
<u>Provision of ALS Services (R9-25-902)</u>	<u>A.R.S. §§ 36-2232, 36-2233, 36-2240</u>	<u>185</u>	<u>30</u>	<u>155</u>
<u>Transfer of a Certificate of Necessity (R9-25-902)</u>	<u>A.R.S. §§ 36-2236(A) and (B), 36-2240</u>	<u>185</u>	<u>30</u>	<u>155</u>
<u>Renewal of a Certificate of Necessity (R9-25-904)</u>	<u>A.R.S. §§ 36-2233, 36-2235, 36-2240</u>	<u>60</u>	<u>15</u>	<u>45</u>
<u>Amendment of a Certificate of Necessity (R9-25-905)</u>	<u>A.R.S. §§ 36-2232(A)(4), 36-2240</u>	<u>185</u>	<u>30</u>	<u>155</u>
<u>Initial Registration of a Ground Ambulance Vehicle (R9-25-1001)</u>	<u>A.R.S. §§ 36-2212, 36-2232, 36-2240</u>	<u>60</u>	<u>15</u>	<u>45</u>
<u>Renewal of a Ground Ambulance Vehicle Registration(R9-25-1001)</u>	<u>A.R.S. §§ 36-2212, 36-2232, 36-2240</u>	<u>60</u>	<u>15</u>	<u>45</u>
<u>Establishment of Initial General Public Rates (R9-25-1101)</u>	<u>A.R.S. §§ 36-2232, 36-2239</u>	<u>185</u>	<u>30</u>	<u>155</u>
<u>Adjustment of General Public Rates (R9-25-1102)</u>	<u>A.R.S. §§ 36-2234, 36-2239</u>	<u>185</u>	<u>30</u>	<u>155</u>
<u>Contract Rate or Range of Rates Less than General Public Rates (R9-25-1103)</u>	<u>A.R.S. §§ 36-2234, 36-2239</u>	<u>185</u>	<u>30</u>	<u>155</u>
<u>Ground Ambulance Service Contracts (R9-25-1104)</u>	<u>A.R.S. §§ 36-2232</u>	<u>90</u>	<u>30</u>	<u>60</u>
<u>Ground Ambulance Service Contracts with Political Subdivisions (R9-25-1104)</u>	<u>A.R.S. §§ 36-2232, 36-2234 (K)</u>	<u>30</u>	<u>15</u>	<u>15</u>
<u>Subscription Service Rate (R9-25-1105)</u>	<u>A.R.S. § 36-2232(A)(1)</u>	<u>185</u>	<u>30</u>	<u>155</u>

Editor's note: The following pages are new Exhibits and normally would be underlined to reflect new language. However, Exhibits A and B (pages 1131 through 1163) are printed without underlines for better appearance and ease of readability.

**EXHIBIT A
AMBULANCE REVENUE AND COST REPORT
GENERAL INFORMATION AND CERTIFICATION**

Legal Name of Company: _____ CON No. _____
D.B.A. (Doing Business As): _____ Business Phone: () _____
Financial Records Address: _____ City: _____ Zip Code _____
Mailing Address (If Different): _____ City: _____ Zip Code: _____
Owner/Manager: _____
Report Contact Person: _____ Phone: () _____ Ext. _____
Report for Period From: _____ To: _____
Method of Valuing Inventory: LIFO: () FIFO: () Other (Explain): _____
Please attach a list of all affiliated organizations (parents/subsidiaries) that exhibit at least 5% ownership/ vesting.

C E R T I F I C A T I O N

I hereby certify that I have directed the preparation of the Arizona Ambulance Revenue and Cost Report for the facility listed above in accordance with the reporting requirements of the State of Arizona.

I have read this report and hereby certify that the information provided is true and correct to the best of my knowledge.

This report has been prepared using the accrual basis of accounting.

Authorized Signature: _____

Title: _____ Date: _____

Mail to:

Department of Health Services
Bureau of Emergency Medical Services
Certificate of Necessity and Rates Section
1651 East Morten Avenue, Suite 130
Phoenix, AZ 85020
Telephone: (602) 861-0809
Fax: (602) 861-9812

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Revised 8/5/99

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

STATISTICAL SUPPORT DATA

Line No. DESCRIPTION	(1) SUBSCRIPTION SERVICE TRANSPORTS	(2)** TRANSPORTS UNDER CONTRACT	(3) TRANSPORTS NOT UNDER CONTRACT	(4) TOTALS
01 Number of ALS Billable Runs	_____	_____	_____	_____
02 Number of BLS Billable Runs	_____	_____	_____	_____
03 Number of Loaded Billable Miles	_____	_____	_____	_____
04 Waiting Time (Hr. & Min.)	_____	_____	_____	_____
05 Total Canceled (Non-Billable) Runs	_____	_____	_____	_____
				Number

Volunteer Services: (OPTIONAL)	Donated Hours
---------------------------------------	--------------------------

06 Paramedic and IEMT	_____
07 Emergency Medical Technician - B	_____
08 Other Ambulance Attendants	_____
09 Total Volunteer Hours	_____

**This column reports only those runs where a contracted discount rate was applied. See Page 7 to provide additional information regarding discounted contract runs.

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

STATISTICAL SUPPORT DATA

Line No. TYPE OF SERVICE	(1) SUBSIDIZED PATIENTS	(2) NON- SUBSIDIZED PATIENTS	(3) TOTALS
01 Number of Advanced Life Support Billable Runs	_____	_____	_____
02 Number of Basic Life Support Billable Runs	_____	_____	_____
03 Number of Loaded Billable Miles	_____	_____	_____
04 Waiting Time (Hours and Minutes)	_____	_____	_____
05 Total Canceled (Non-Billable) Runs	_____	_____	_____
			Number

Volunteer Services: (OPTIONAL)	Donated Hours
---------------------------------------	--------------------------

06 Paramedic and IEMT	_____
07 Emergency Medical Technician - B	_____
08 Other Ambulance Attendants _____	_____
09 Total Volunteer Hours	_____

Note: This page and page 3.1, Routine Operating Revenue, are only for those governmental agencies that apply subsidy to patient billings.

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

STATEMENT OF INCOME

Line

No. DESCRIPTION

FROM

Operating Revenue:		
01	Ambulance Service Routine Operating Revenue	Page 3 Line 10 \$ _____
Less:		
02	AHCCCS Settlement	_____
03	Medicare Settlement.	_____
04	Contractual Discounts.	Page 7 Line 22 _____
05	Subscription Service Settlement.	Page 8 Line 4 _____
06	Other (Attach Schedule).	_____
07	Total.	_____
08	Net Revenue from Ambulance Runs	\$ _____
09	Sales of Subscription Service Contracts.	Page 8 Line 8
10	Total Operating Revenue	\$ _____
Ambulance Operating Expenses:		
11	Bad Debt (Includes Subscription Services Bad Debt)	\$ _____
12	Wages, Payroll Taxes, and Employee Benefits.	Page 4 Line 22 _____
13	General and Administrative Expenses	Page 5 Line 20 _____
14	Cost of Goods Sold.	Page 3 Line 15 _____
15	Other Operating Expenses	Page 6 Line 28 _____
16	Interest Expense (Attach Schedule IV)	Page 14 CI 4 & 5 Line 28 _____
17	Subscription Service Direct Selling.	Page 8 Line 23 _____
18	Total Operating Expenses	_____
19	Ambulance Service Income (Loss) (Line 10 minus Line 18)	\$ _____
Other Revenue/Expenses:		
20	Other Operating Revenue and Expenses	Page 9 Line 17 \$ _____
21	Non-Operating Revenue and Expense	_____
22	Non-Deductible Expenses (Attach Schedule)	_____
23	Total Other Revenues/Expenses	_____
24	Ambulance Service Income (Loss) - Before Income Taxes	\$ _____
Provision for Income Taxes:		
25	Federal Income Tax.	\$ _____
26	State Income Tax.	_____
27	Total Income Tax	_____
28	Ambulance Service - Net Income (Loss)	\$ _____

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

ROUTINE OPERATING REVENUE

Line

No. DESCRIPTION _____

Ambulance Service Routine Operating Revenue:

01	ALS Base Rate.	\$ _____
02	BLS Base Rate.	_____
03	Mileage Charge	_____
04	Waiting Charge.	_____
05	Medical Supplies (Gross Charges).	_____
06	Nurses Charges	_____
07	Total	\$ _____
08	Standby Revenue (Attach Schedule)	_____
09	Other Ambulance Service Revenue (Attach Schedule)	_____
10	Total Ambulance Service Routine Operating Revenue (To Page 2, Line 01)	\$ _____

COST OF GOODS SOLD: (MEDICAL SUPPLIES)

11	Inventory at Beginning of Year	_____
12	Plus Purchases.	_____
13	Plus Other Costs.	_____
14	Less Inventory at End of Year (_____)	
15	Cost of Goods Sold (To Page 2, Line 14).	\$ _____

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

ROUTINE OPERATING REVENUE

Line No. DESCRIPTION	(1) SUBSIDIZED PATIENTS	(2) NON- SUBSIDIZED PATIENTS	(3) TOTALS
AMBULANCE SERVICE OPERATING REVENUE			
01 ALS Base Rate	\$ _____	\$ _____	\$ _____
02 BLS Base Rate	_____	_____	_____
03 Mileage Charge.	_____	_____	_____
04 Waiting Charge.	_____	_____	_____
05 Medical Supplies (Gross Charges).	_____	_____	_____
06 Nurses' Charges.	_____	_____	_____
07 Total	\$ _____	\$ _____	\$ _____
08 Standby Revenue (Attach Schedule)			_____
09 Other Ambulance Service Revenue (Attach Schedule)			_____
10 Total Ambulance Service Routine Operating Revenue (Column 3 to Page 2, Line 01)			\$ _____
Less:			
11 AHCCCS Settlement	\$ _____	\$ _____	\$ _____
12 Medicare Settlement	_____	_____	_____
13 Subsidy	_____	XXXXXXXXXXXX	_____
14 Other (Attach Schedule)	_____	_____	_____
15 Total Settlements (Column 3 to Page 2, Line 06)	\$ _____	\$ _____	\$ _____
Cost of Goods Sold:			
16 Inventory at Beginning of Year			\$ _____
17 Plus Purchases.			_____
18 Plus Other Costs.			_____
19 Less Inventory at End of Year.			(_____)
20 Cost of Goods Sold (Column 3 to Page 2, Line 14)			\$ _____

Arizona Administrative Register
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AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

WAGES, PAYROLL TAXES, AND EMPLOYEE BENEFITS

Line	No. DESCRIPTION	No. of *F.T.E.s	AMOUNT
01	Gross Wages - OFFICERS/OWNERS (Attach Schedule I, Page 10, Line 7) . . .	_____	\$ _____
02	Payroll Taxes	_____	_____
03	Employee Fringe Benefits	_____	_____
04	Total	_____	\$ _____
05	Gross Wages - MANAGEMENT (Attach Schedule II)	_____	\$ _____
06	Payroll Taxes.	_____	_____
07	Employee Fringe Benefits	_____	_____
08	Total	_____	\$ _____
Gross Wages - AMBULANCE PERSONNEL (Attach Schedule II)			
	**Casual Labor	Wages	
09	Paramedics and IEMT.	_____	\$ _____
10	Emergency Medical Technician (EMT).	_____	_____
11	Nurses.	_____	_____
12	Payroll Taxes.	_____	_____
13	Employee Fringe Benefits	_____	_____
14	Total.	_____	\$ _____
Gross Wages - OTHER PERSONNEL (Attach Schedule II)			
15	Dispatch.	_____	\$ _____
16	Mechanics	_____	_____
17	Office and Clerical	_____	_____
18	Other	_____	_____
19	Payroll Taxes.	_____	_____
20	Employee Fringe Benefits	_____	_____
21	Total.	_____	\$ _____
22	Total F.T.E.s' Wages, Payroll Taxes, & Employee Benefits (To Page 2, Line 12) .	_____	\$ _____

* Full-time equivalents (F.T.E.) Is the sum of all hours for which employee wages were paid during the year divided by 2,080.

** The sum of Casual Labor (wages paid on a per run basis) plus Wages paid is entered in Column 2 by line item. However, when calculating F.T.E.s, do not include casual labor hours worked or expenses incurred.

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AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

WAGES, PAYROLL TAXES, AND EMPLOYEE BENEFITS

Line No.	DESCRIPTION	(1) No. of *F.T.E.s	(2) Total Expenditure	(3) Allocation Percentage	(4) Ambulance Amount
01	Gross Wages - Management (Attach Schedule II)	_____	\$ _____	_____	_____
02	Payroll Taxes.	_____	_____	_____	_____
03	Employee Fringe Benefits.	_____	_____	_____	_____
04	Total	_____	\$ _____	_____	_____
Gross Wages - Ambulance Personnel (Attach Schedule) :					
	 <u>**Contractual</u> <u>Wages</u>				
05	Paramedics and IEMT	_____	\$ _____	_____	_____
06	Emergency Medical Technician (EMT) _____	_____	_____	_____	_____
07	Nurses.	_____	_____	_____	_____
08	Drivers.	_____	_____	_____	_____
09	Payroll Taxes.	_____	_____	_____	_____
10	Employee Fringe Benefits.	_____	_____	_____	_____
11	Total.	_____	\$ _____	_____	_____
Gross Wages - Other Personnel (Attach Schedule II):					
12	Dispatch.	_____	\$ _____	_____	_____
13	Mechanics	_____	_____	_____	_____
14	Office and Clerical	_____	_____	_____	_____
15	Other	_____	_____	_____	_____
16	Payroll Taxes.	_____	_____	_____	_____
17	Employee Fringe Benefits	_____	_____	_____	_____
18	Total.	_____	\$ _____	_____	_____
19	Total F.T.E.s' Wages, Payroll Taxes, and Employee Benefits (To Page 2, Line 12)	_____	\$ _____	_____	_____

* Full-Time Equivalents (F.T.E.) Is the sum of all hours for which employee wages were paid during the year divided by 2,080.

**The sum of Contractual + Wages paid is entered in Column 2 by line item. However, when calculating F.T.E.s, do not include contractual hours worked or expenses incurred.

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AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

WAGES, PAYROLL TAXES, AND EMPLOYEE BENEFITS

<u>Line No.</u>	<u>DESCRIPTION</u>	<u>Basis of Allocations</u>
01	Gross Wages - Management	_____
02	Payroll Taxes	_____
03	Employee Fringe Benefits	_____
04	Total	_____

Gross Wages - Ambulance Personnel:

Contractual

Wages

05	Paramedics and IEMT.	_____
06	Emergency Medical Technician (EMT).	_____
07	Nurses	_____
08	Drivers	_____
09	Payroll Taxes	_____
10	Employee Fringe Benefits	_____
11	Total	_____

Gross Wages - Other Personnel:

12	Dispatch	_____
13	Mechanics	_____
14	Office and Clerical	_____
15	Other	_____
16	Payroll Taxes	_____
17	Employee Fringe Benefits	_____
18	Total	_____

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ TO: _____

GENERAL AND ADMINISTRATIVE EXPENSES

Line

No. DESCRIPTION

Professional Services:

01 Legal Fees \$ _____
02 Collection Fees.
03 Accounting and Auditing
04 Data Processing Fees.
05 Other (Attach Schedule)

06 Total \$ _____

Travel and Entertainment:

07 Meals and Entertainment. \$ _____
08 Transportation - Other Company Vehicles
09 Travel
10 Other (Attach Schedule)

11 Total \$ _____

Other General and Administrative:

12 Office Supplies \$ _____
13 Postage
14 Telephone
15 Advertising
16 Professional Liability Insurance.
17 Dues and Subscriptions
18 Other (Attach Schedule)

19 Total \$ _____
20 Total General and Administrative Expenses (To Page 2, Line 13). \$ _____

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AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

GENERAL AND ADMINISTRATIVE EXPENSES

<u>Line</u> <u>No.</u>	<u>DESCRIPTION</u>	<u>(1)</u> <u>Total</u> <u>Expenditure</u>	<u>(2)</u> <u>Allocation</u> <u>Percentage</u>	<u>(3)</u> <u>Ambulance</u> <u>Amount</u>
Professional Services:				
01	Legal Fees	\$ _____	_____	\$ _____
02	Collection Fees	_____	_____	_____
03	Accounting and Auditing	_____	_____	_____
04	Data Processing Fees.....	_____	_____	_____
05	Other (Attach Schedule)	_____	_____	_____
06	Total	\$ _____		\$ _____
Travel and Entertainment:				
07	Meals and Entertainment	\$ _____	_____	\$ _____
08	Transportation - Other Company Vehicles	_____	_____	_____
09	Travel	_____	_____	_____
10	Other (Attach Schedule)	_____	_____	_____
11	Total	\$ _____		\$ _____
Other General and Administrative:				
12	Office Supplies	\$ _____	_____	\$ _____
13	Postage	_____	_____	_____
14	Telephone	_____	_____	_____
15	Advertising	_____	_____	_____
16	Professional Liability Insurance	_____	_____	_____
17	Dues and Subscriptions	_____	_____	_____
18	Other (Attach Schedule)	_____	_____	_____
19	Total	\$ _____		\$ _____
20	Total General & Administrative Expenses (to Page 2, Line 13)	\$ _____		\$ _____

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AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ TO: _____

GENERAL AND ADMINISTRATIVE EXPENSES (cont.)

Line No.	DESCRIPTION	Basis of Allocations
Professional Services:		
01	Legal Fees	_____
02	Collection Fees.	_____
03	Accounting and Auditing	_____
04	Data Processing Fees..	_____
05	Other (Attach Schedule)	_____
06	Total	_____
Travel and Entertainment:		
07	Meals and Entertainment	_____
08	Transportation - Other Company Vehicles	_____
09	Travel	_____
10	Other (Attach Schedule)	_____
11	Total	_____
Other General and Administrative:		
12	Office Supplies	_____
13	Postage	_____
14	Telephone	_____
15	Advertising	_____
16	Professional Liability Insurance	_____
17	Dues and Subscriptions	_____
18	Other (Attach Schedule)	_____
19	Total	_____

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

OTHER OPERATING EXPENSES

Line

No. OTHER OPERATING EXPENSES _____

Depreciation and Amortization:

01 Depreciation (Attach Schedule III) (From Line 20, Col I, Page 13) \$ _____
02 Amortization _____
03 Total \$ _____
04 Rent/Lease (Attach Schedule III) (From Line 20, Col K, Page 13) \$ _____

Building/Station Expense:

05 Building and Cleaning Supplies \$ _____
06 Utilities _____
07 Property Taxes _____
08 Property Insurance _____
09 Repairs and Maintenance _____
10 Other (Attach Schedule) _____
11 Total \$ _____

Vehicle Expense - Ambulance Units:

12 License/Registration \$ _____
13 Fuel _____
14 General Vehicle Service and Maintenance _____
15 Major Repairs _____
16 Insurance - Service Vehicles _____
17 Other (Attach Schedule) _____
18 Total \$ _____

Other Expenses:

19 Dispatch _____
20 Education/Training _____
21 Uniforms and Uniform Cleaning _____
22 Meals and Travel for Ambulance Personnel _____
23 Maintenance Contracts _____
24 Minor Equipment - Not Capitalized _____
25 Ambulance Supplies - Nonchargeable _____
26 Other (Attach Schedule) _____
27 Total \$ _____
28 Total Other Operating Expenses (To Page 2, Line 15) \$ _____

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AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

OTHER OPERATING EXPENSES

<u>OTHER OPERATING EXPENSES</u>	<u>(1) Total Expenditure</u>	<u>(2) Allocation Percentage</u>	<u>(3) Ambulance Amount</u>
Depreciation and Amortization:			
Depreciation (Attach Schedule III) (From Line 20, Col I, Page 12)	\$ _____	_____	_____
Amortization	_____	_____	_____
Total	\$ _____	_____	_____
Rent/Lease (Attach Schedule III) Line 20, Col K, Page 12	\$ _____	_____	_____
Building/Station Expense:			
Building and Cleaning Supplies	\$ _____	_____	_____
Utilities	_____	_____	_____
Property Taxes	_____	_____	_____
Property Insurance	_____	_____	_____
Repairs and Maintenance	_____	_____	_____
Other (Attach Schedule)	_____	_____	_____
Total	\$ _____	_____	_____
Vehicle Expense - Ambulance Units:			
License/Registration	\$ _____	_____	_____
Fuel	_____	_____	_____
General Vehicle Service and Maintenance	_____	_____	_____
Major Repairs	_____	_____	_____
Insurance - Service Vehicles	_____	_____	_____
Other (Attach Schedule)	_____	_____	_____
Total	\$ _____	_____	_____
Other Expenses:			
Dispatch	\$ _____	_____	_____
Education/Training	_____	_____	_____
Uniforms and Uniform Cleaning	_____	_____	_____
Meals and Travel for Ambulance Personnel	_____	_____	_____
Maintenance Contracts	_____	_____	_____
Minor Equipment - Not Capitalized	_____	_____	_____
Ambulance Supplies - Nonchargeable	_____	_____	_____
Other (Attach Schedule)	_____	_____	_____
Total	\$ _____	_____	_____
Total Other Operating Expenses (To Page 2, Line 15)	\$ _____	_____	_____

Arizona Administrative Register
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AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

OTHER OPERATING EXPENSES

Line No.	<u>OTHER OPERATING EXPENSES</u>	<u>Basis of Allocations</u>
	Depreciation and Amortization:	
01	Depreciation	_____
02	Amortization	_____
03	Total	_____
04	Rent/Lease	_____
	Building/Station Expense:	
05	Building and Cleaning Supplies	_____
06	Utilities	_____
07	Property Taxes	_____
08	Property Insurance	_____
09	Repairs and Maintenance	_____
10	Other (Attach Schedule)	_____
11	Total	_____
	Vehicle Expense - Ambulance Units:	
12	License/Registration	_____
13	Fuel.	_____
14	General Vehicle Service and Maintenance.	_____
15	Major Repairs	_____
16	Insurance - Service Vehicles.	_____
17	Other (Attach Schedule).	_____
18	Total	_____
	Other Expenses:	
19	Dispatch	_____
20	Education/Training	_____
21	Uniforms and Uniform Cleaning	_____
22	Meals and Travel for Ambulance Personnel	_____
23	Maintenance Contracts	_____
24	Minor Equipment - Not Capitalized	_____
25	Ambulance Supplies - Nonchargeable	_____
26	Other (Attach Schedule)	_____
27	Total	_____

Page 6.1.a

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AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ TO: _____

DETAIL OF CONTRACTUAL ALLOWANCES

Line		Total	Gross	Percent	
No.	Name of Contracting Entity	Billable	Billing	Discount	Allowance
		Runs			
01	_____	_____	_____	_____	_____
02	_____	_____	_____	_____	_____
03	_____	_____	_____	_____	_____
04	_____	_____	_____	_____	_____
05	_____	_____	_____	_____	_____
06	_____	_____	_____	_____	_____
07	_____	_____	_____	_____	_____
08	_____	_____	_____	_____	_____
09	_____	_____	_____	_____	_____
10	_____	_____	_____	_____	_____
11	_____	_____	_____	_____	_____
12	_____	_____	_____	_____	_____
13	_____	_____	_____	_____	_____
14	_____	_____	_____	_____	_____
15	_____	_____	_____	_____	_____
16	_____	_____	_____	_____	_____
17	_____	_____	_____	_____	_____
18	_____	_____	_____	_____	_____
19	_____	_____	_____	_____	_____
20	_____	_____	_____	_____	_____
21	_____	_____	_____	_____	_____
22	Total (To Page 2, Line 4)				_____

Arizona Administrative Register
Notices of Final Rulemaking

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

SUBSCRIPTION SERVICE REVENUE AND
DIRECT SELLING EXPENSES

Line

No. Description

To

01 Billings at Fully Established Rate \$ _____

Less:

02 AHCCCS Settlement _____

03 Medicare Settlement _____

04 Subscription Service Settlements (To Page 2, Line 5) _____

05 Subscription Service Bad Debt _____

06 Total \$ _____

07 Net Revenue from Subscription Service Runs _____

08 Sales of Subscription Service (To Page 2, Line 9) _____

09 Other Revenue (Attach Schedule) _____

10 Total Subscription Service Revenue \$ _____

Direct Expenses Incurred Selling Subscription Contracts:

11 Salaries/Wages \$ _____

12 Payroll Taxes _____

13 Employee Fringe Benefits _____

14 Professional Services _____

15 Contract Labor _____

16 Travel _____

17 Other General and Administrative Expenses _____

18 Depreciation/Amortization _____

19 Rent/Lease _____

20 Building/Station Expense _____

21 Transportation/Vehicles _____

22 Other (Attach Schedule) _____

23 Total Subscription Service Expenses (To Page 2, Line 17) \$ _____

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ TO: _____

OTHER OPERATING REVENUES AND EXPENSES

Line

No. DESCRIPTION

Other Operating Revenues:

01	Supportive Funding - Local (Attach Schedule)	\$ _____
02	Grant Funds - State (Attach Schedule)	_____
03	Grant Funds - Federal (Attach Schedule)	_____
04	Grant Funds - Other (Attach Schedule)	_____
05	Patient Finance Charges	_____
06	Patient Late Payment Charges	_____
07	Interest Earned - Related Person/Organization	_____
08	Interest Earned - Other	_____
09	Gain on Sale of Operating Property	_____
10	Other: _____	_____
11	Other: _____	_____
12	Total Operating Revenue	\$ _____

Other Operating Expenses:

13	Loss on Sale of Operating Property	\$ _____
14	Other: _____	_____
15	Other: _____	_____
16	Total Other Operating Expenses	\$ _____
17	Net Other Operating Revenues and Expenses (To Page 2, Line 20)	\$ _____

Arizona Administrative Register
Notices of Final Rulemaking

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

DETAIL OF SALARIES/WAGES
OFFICERS/OWNERS
SCHEDULE 1

Wages Paid by Category

Line No.	Name	Title	% of Ownership	Management	*FTE	CEP IEMT EMT	*FTE	Office	*FTE	Other	*FTE	<u>Totals</u>	
												Wages Paid To Owners	*FTE
01	_____	_____	_____	\$ _____	_____	\$ _____	_____	\$ _____	_____	\$ _____	_____	\$ _____	_____
02	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
03	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
04	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
05	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
06	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	1	2
07	TOTAL	=====	=====	\$ =====	=====	\$ =====	=====	\$ =====	=====	\$ =====	=====	\$ =====	=====

* Full-time equivalents (F.T.E.) Is the sum of all hours for which employee wages were paid during the year divided by 2080

1 Total wages paid to owners to Page 4 Col 2 Line 01

2 Total FTEs to Page 4 Col 1 Line 01

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

OPERATING EXPENSES
DETAIL OF SALARIES/WAGES
SCHEDULE II

Line

No. Detail of Salaries/Wages - Other Than Officers/Owners

01 MANAGEMENT:

METHOD OF COMPENSATION:

Certification and/or Title	Scheduled Shifts (I.e. 40 or 60 hours a week)	Hourly Wage	Annual Salary	\$s Per Run or Shift
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

02 AMBULANCE PERSONNEL:

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

03 OTHER PERSONNEL:

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Notices of Final Rulemaking

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

**DEPRECIATION AND/OR RENT/LEASE EXPENSE
SCHEDULE III**

**AMBULANCE VEHICLES AND
ACCESSORIAL EQUIPMENT ONLY**

	A	B	C	D	E	F	G	H	I	J	K
Line No.	Description of Property	Date Placed in Service	Cost or Other Basis	Business Use Percent	Basis for Depreciation	Method	Recovery Period	Depreciation Prior Years	Current Year Depreciation	Remaining Basis	Rent/Lease Amount*
01											
02											
03											
04											
05											
06											
07											
08											
09											
10											
11											
12											
13											
14											
15											
16											
17											
18											
19											
20	SUBTOTAL	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1	XXX	2

* Complete Description of property, date placed in service, and rent/lease amount only.

1 To Page 13, Line 19, Column I

2 To Page 13, Line 19, Column K

Notices of Final Rulemaking

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

**DEPRECIATION AND/OR RENT/LEASE EXPENSE
SCHEDULE III**

ALL OTHER ITEMS

	A	B	C	D	E	F	G	H	I	J	K
Line No.	Description of Property	Date Placed in Service	Cost or Other Basis	Business Use Percent	Basis for Depreciation	Method	Recovery Period	Depreciation Prior Years	Current Year Depreciation	Remaining Basis	Rent/Lease Amount*
01											
02											
03											
04											
05											
06											
07											
08											
09											
10											
11											
12											
13											
14											
15											
16											
17											
18	SUBTOTAL	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	
19	SUBTOTAL from Page 12, Line 20	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	
20	SUM of Line 18 and 19	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3	XXX	4

* Complete Description of property, date placed in service, and rent/lease amount only.

3 To Page 6, Line 01

4 To Page 6, Line 04

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

DETAIL OF INTEREST - Schedule IV

<u>Line</u> <u>No.</u>	<u>Description</u>	(1)	(2)	(3)	(4)	(5)
		<u>Interest</u> <u>Rate</u>	<u>Principal Balance</u> <u>Beginning of</u> <u>Period</u>	<u>End of</u> <u>Period</u>	<u>Interest Expense</u> <u>Related Persons or</u> <u>Organizations</u>	<u>Other</u>
	Service Vehicles & Accessorial Equipment Name of Payee:					
01	_____	_____ %	\$ _____	\$ _____	\$ _____	\$ _____
02	_____	_____	_____	_____	_____	_____
03	_____	_____	_____	_____	_____	_____
04	_____	_____	_____	_____	_____	_____
	Communication Equipment Name of Payee:					
05	_____	_____ %	\$ _____	\$ _____	\$ _____	\$ _____
06	_____	_____	_____	_____	_____	_____
07	_____	_____	_____	_____	_____	_____
	Other Property and Equipment Name of Payee:					
08	_____	_____ %	\$ _____	\$ _____	\$ _____	\$ _____
09	_____	_____	_____	_____	_____	_____
10	_____	_____	_____	_____	_____	_____
	Working Capital Name of Payee:					
11	_____	_____ %	\$ _____	\$ _____	\$ _____	\$ _____
12	_____	_____	_____	_____	_____	_____
13	_____	_____	_____	_____	_____	_____
	Other Name of Payee:					
14	_____	_____ %	\$ _____	\$ _____	\$ _____	\$ _____
15	TOTAL		\$ _____	\$ _____	\$ _____	\$ _____

----- (To Page 2, Column 2, Line 16) -----

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

BALANCE SHEET

ASSETS

CURRENT ASSETS

01	Cash	\$ _____	
02	Accounts Receivable	_____	
03	Less: Allowance for Doubtful Accounts	_____	
04	Inventory	_____	
05	Prepaid Expenses	_____	
06	Other Current Assets	_____	
07	TOTAL CURRENT ASSETS		\$ _____

PROPERTY & EQUIPMENT

08	Less: Accumulated Depreciation		\$ _____
----	--------------------------------	--	----------

09	OTHER NONCURRENT ASSETS		\$ _____
----	--------------------------------	--	----------

10	TOTAL ASSETS		\$ _____
----	---------------------	--	----------

LIABILITIES AND EQUITY

CURRENT LIABILITIES

11	Accounts Payable	\$ _____	
12	Current Portion of Notes Payable	_____	
13	Current Portion of Long Term Debt	_____	
14	Deferred Subscription Income	_____	
15	Accrued Expenses and Other	_____	
16	_____	_____	
17	_____	_____	
18	TOTAL CURRENT LIABILITIES		\$ _____

19	NOTES PAYABLE	_____	
20	LONG TERM DEBT OTHER	_____	

21	TOTAL LONG-TERM DEBT		\$ _____
----	-----------------------------	--	----------

EQUITY AND OTHER CREDITS

Paid-in Capital:

22	Common Stock	\$ _____	
23	Paid-In Capital in Excess of Par Value	_____	
24	Contributed Capital	_____	
25	Retained Earnings	_____	
26	Fund Balances	_____	

27	TOTAL EQUITY		\$ _____
----	---------------------	--	----------

28	TOTAL LIABILITIES & EQUITY		\$ _____
----	---------------------------------------	--	----------

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

STATEMENT OF CASH FLOWS

OPERATING ACTIVITIES:

01	Net (loss) Income	\$	
	Adjustments to reconcile net income to net cash provided by operating activities:		
02	Depreciation Expense		
03	Deferred Income Tax		
04	Loss (gain) on Disposal of Property and Equipment		
	(Increase) Decrease in:		
05	Accounts Receivable		
06	Inventories		
07	Prepaid Expenses		
	(Increase) Decrease in:		
08	Accounts Payable		
09	Accrued Expenses		
10	Deferred Subscription Income		
11	Net Cash Provided (Used) by Operating Activities	\$	

INVESTING ACTIVITIES:

12	Purchases of Property and Equipment	\$	
13	Proceeds from Disposal of Property and Equipment		
14	Purchases of Investments		
15	Proceeds from Disposal of Investments		
16	Loans Made		
17	Collections on Loans		
18	Other _____		
19	Net Cash Provided (Used) by Investing Activities	\$	

FINANCING ACTIVITIES:

New Borrowings:			
20	Long-Term	\$	
21	Short-Term		
Debt Reduction:			
22	Long-Term		
23	Short-Term		
24	Capital Contributions		
25	Dividends paid		
26	Net Cash Provided (Used) by Financing Activities	\$	
27	Net Increase (Decrease) in Cash	\$	
28	Cash at Beginning of Year	\$	
29	Cash at End of Year	\$	

30 SUPPLEMENTAL DISCLOSURES:

Non-cash Investing and Financing Transactions:			
31		\$	
32			
33	Interest Paid (Net of Amounts Capitalized)		
34	Income Taxes Paid		

EXHIBIT B
AMBULANCE REVENUE AND COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY

Department of Health Services
Annual Ambulance Financial Report

Reporting Ambulance Service

Report Fiscal Year
From: ____/____/____ To: ____/____/____
Mo. Day Year Mo. Day Year

CERTIFICATION

I hereby certify that I have directed the preparation of the enclosed annual report in accordance with the reporting requirements of the State of Arizona.

I have read this report and hereby certify that the information provided is true and correct to the best of my knowledge.

This report has been prepared using the accrual basis of accounting.

Authorized Signature: _____ Date: _____

Print Name and Title: _____

Mail to:
Department of Health Services
Bureau of Emergency Medical Services
Certificate of Necessity and Rates Section
1651 East Morten Avenue, Suite 130
Phoenix, AZ 85020
Telephone: (602) 861-0809
Fax: (602) 861-9812

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Revised 8/2/00

Arizona Administrative Register
Notices of Final Rulemaking

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

STATISTICAL SUPPORT DATA

Line		(1)	*(2)	(3)	(4)
No.	DESCRIPTION	SUBSCRIPTION SERVICE TRANSPORTS	TRANSPORTS UNDER CONTRACT	TRANSPORTS NOT UNDER CONTRACT	TOTALS
01	Number of ALS Billable Transports:	_____	_____	_____	_____
02	Number of BLS Billable Transports:	_____	_____	_____	_____
03	Number of Loaded Billable Miles:	_____	_____	_____	_____
04	Waiting Time (Hr. & Min.):	_____	_____	_____	_____
05	Canceled (Non-Billable) Runs:	_____	_____	_____	_____

AMBULANCE SERVICE ROUTINE OPERATING REVENUE

06	ALS Base Rate Revenue	\$ _____
07	BLS Base Rate Revenue	_____
08	Mileage Charge Revenue	_____
09	Waiting Charge Revenue	_____
10	Medical Supplies Charge Revenue	_____
11	Nurses Charge Revenue	_____
12	Standby Charge Revenue (Attach Schedule)	_____
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE	\$ _____

SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:

		**No. of F.T.E.s
14	Management	\$ _____
15	Paramedics and IEMTs	\$ _____
16	Emergency Medical Technician (EMT)	\$ _____
17	Other Personnel	\$ _____
18	Payroll Taxes and Fringe Benefits - All Personnel	\$ _____

*This column reports only those runs where a contracted discount rate was applied.

**Full-time equivalents (F.T.E.) Is the sum of all hours for which employees wages were paid during the year divided by 2080.

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

SCHEDULE OF REVENUES AND EXPENSES

Line

No. DESCRIPTION

FROM

Operating Revenues:

01 Total Ambulance Service Operating Revenue Page 2, Line 13 \$ _____

Settlement Amounts:

02 AHCCCS ()

03 Medicare ()

04 Subscription Service ()

05 Contractual ()

06 Other ()

07 Total (Sum of Lines 02 through 06) ()

08 Total Operating Revenue (Line 01 minus Line 07) \$ _____

Operating Expenses:

09 Bad Debt

10 Total Salaries, Wages, and Employee- Related Expenses \$ _____

11 Professional Services _____

12 Travel and Entertainment _____

13 Other General Administrative _____

14 Depreciation. _____

15 Rent/Leasing _____

16 Building/Station _____

17 Vehicle Expense _____

18 Other Operating Expense _____

19 Cost of Medical Supplies Charged to Patients _____

20 Interest _____

21 Subscription Service Sales Expense _____

22 Total Operating Expense (Sum of Lines 09 through 21) _____

23 Total Operating Income or Loss (Line 08 minus Line 22). \$ _____

24 Subscription Contract Sales _____

25 Other Operating Revenue _____

26 Local Supportive Funding _____

27 Other Non-Operating Income (Attach Schedule). _____

28 Other Non-Operating Expense (Attach Schedule). _____

29 NET INCOME/(LOSS) (Line 23 plus Sum of Lines 24 through 28). \$ _____

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

BALANCE SHEET

ASSETS

CURRENT ASSETS

01	Cash	\$ _____	
02	Accounts Receivable	_____	
03	Less: Allowance for Doubtful Accounts	_____	
04	Inventory	_____	
05	Prepaid Expenses	_____	
06	Other Current Assets	_____	
07	TOTAL CURRENT ASSETS		\$ _____

PROPERTY & EQUIPMENT

08	Less: Accumulated Depreciation		\$ _____
----	--------------------------------	--	----------

09	OTHER NONCURRENT ASSETS		\$ _____
----	-------------------------	--	----------

10	TOTAL ASSETS		\$ _____
----	--------------	--	----------

LIABILITIES AND EQUITY

CURRENT LIABILITIES

11	Accounts Payable	\$ _____	
12	Current Portion of Notes Payable	_____	
13	Current Portion of Long term Debt	_____	
14	Deferred Subscription Income	_____	
15	Accrued Expenses and Other	_____	
16	_____	_____	
17	_____	_____	
18	TOTAL CURRENT LIABILITIES		\$ _____

19	NOTES PAYABLE	_____	
----	---------------	-------	--

20	LONG TERM DEBT OTHER	_____	
----	----------------------	-------	--

21	TOTAL LONG-TERM DEBT		\$ _____
----	----------------------	--	----------

EQUITY AND OTHER CREDITS

Paid-in Capital:

22	Common Stock	\$ _____	
23	Paid-In Capital in Excess of Par Value	_____	
24	Contributed Capital	_____	
25	Retained Earnings	_____	
26	Fund Balances	_____	

27	TOTAL EQUITY		\$ _____
----	--------------	--	----------

28	TOTAL LIABILITIES & EQUITY		\$ _____
----	----------------------------	--	----------

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ **TO:** _____

STATEMENT OF CASH FLOWS

OPERATING ACTIVITIES:

01	Net (loss) Income	\$ _____	
	Adjustments to reconcile net income to net cash provided by operating activities:		
02	Depreciation Expense	_____	
03	Deferred Income Tax	_____	
04	Loss (gain) on Disposal of Property and Equipment	_____	
	(Increase) Decrease in:		
05	Accounts Receivable	_____	
06	Inventories	_____	
07	Prepaid Expenses	_____	
	(Increase) Decrease in:		
08	Accounts Payable	_____	
09	Accrued Expenses	_____	
10	Deferred Subscription Income	_____	
11	Net Cash Provided (Used) by Operating Activities	\$ _____	

INVESTING ACTIVITIES:

12	Purchases of Property and Equipment	_____	
13	Proceeds from Disposal of Property and Equipment	_____	
14	Purchases of Investments	_____	
15	Proceeds from Disposal of Investments	_____	
16	Loans Made	_____	
17	Collections on Loans	_____	
18	Other _____	_____	
19	Net Cash Provided (Used) by Investing Activities	\$ _____	

FINANCING ACTIVITIES:

	New Borrowings:		
20	Long-Term	_____	
21	Short-Term	_____	
	Debt Reduction:		
22	Long-Term	_____	
23	Short-Term	_____	
24	Capital Contributions	_____	
25	Dividends paid	_____	
26	Net Cash Provided (Used) by Financing Activities	\$ _____	
27	Net Increase (Decrease) in Cash	\$ _____	
28	Cash at Beginning of Year	\$ _____	
29	Cash at End of Year	\$ _____	

SUPPLEMENTAL DISCLOSURES:

	Non-cash Investing and Financing Transactions:		
31	_____	\$ _____	
32	_____	_____	
33	Interest Paid (Net of Amounts Capitalized)	_____	
34	Income Taxes Paid	_____	

INSTRUCTIONS

Page 1: COVER

1. Enter the name of the ambulance service on the line "Reporting Ambulance Service."
2. Print the name and title of the ambulance service's authorized representative on the lines indicated; enter the date of signature; authorized representative must sign the report.

Page 2: STATISTICAL SUPPORT DATA and ROUTINE OPERATING REVENUE

Enter the ambulance service's business name and the appropriate reporting period.

Statistical Support Data:

- Lines 01-02: Enter the number of billable ALS and BLS transports for each of the three categories. Subscription Service Transports should not be included with Transports Under Contract.
- Lines 03-04: Enter the total of patient loaded transport miles and waiting times for each of the transport categories.
- Line 05: List TOTAL of canceled/non-billable runs.

Ambulance Service Routine Operating Revenue:

- Line 06: Enter the total amount of all ALS Base Rate gross billings.
- Line 07: Enter the total amount of all BLS Base Rate gross billings.
- Line 08: Enter the total of Mileage Charge gross billings.
- Line 09: Enter the total Waiting Time gross billings.
- Line 10: Enter the total of all gross billings of Medical Supplies to patients.
- Line 11: RESERVED FOR FUTURE USE - Charges for Nurses currently are not allowed.
- Line 12: Enter the total of all Standby Time charges. (Attach a schedule showing sources.)
- Line 13: Add the totals from Line 06 through Line 12. Enter sum on Line 13.

Salary and Wage Expense Detail:

- Line 14: Enter the total salary amount allocated and paid to Management of the ambulance service.
- Line 15: Enter the total salary amount allocated and paid to Paramedics and IEMTs.
- Line 16: Enter the total salary amount allocated and paid to Emergency Medical Technicians (EMTs).
- Line 17: Enter the total salary amount allocated and paid to Other Personnel involved with the ambulance service. (Examples: Dispatch, Mechanics, Office)
- Line 18: Enter the total allocated amount of Payroll Taxes and Fringe Benefits paid to employees included in lines 14 through 17.

ANNUAL AMBULANCE FINANCIAL REPORT

EXPENSE CATEGORIES FOR USE ON PAGE 3

- Line 09 Bad Debt
- Line 10 Total Salaries, Wages, and Employee-Related Expenses
 - Salaries, Wages, Payroll Taxes, and Employee Benefits
- Line 11 Professional Services
 - Legal/Management Fees
 - Collection Fees
 - Accounting/Auditing
 - Data Processing Fees
- Line 12 Travel and Entertainment (Administrative)
 - Meals and Entertainment
 - Travel/Transportation
- Line 13 Other General and Administrative
 - Office Related (Supplies, Phone, Postage, Advertising)
 - Professional Liability Insurance
 - Dues, Subscriptions, Miscellaneous
- Line 14 Depreciation
- Line 15 Rent/Leasing
- Line 16 Building/Station
 - Utilities, Property Taxes/Insurance, Cleaning/Maintenance
- Line 17 Vehicle Expenses
 - License/Registration
 - Repairs/Maintenance
 - Insurance
- Line 18 Other Operating Expenses
 - Dispatch Contracts
 - Employee Education/Training, Uniforms, Travel/Meals
 - Maintenance Contracts
 - Minor Equipment, Non-Chargeable Ambulance Supplies
- Line 19 Cost of Medical Supplies Charged to Patients
- Line 20 Interest Expense
 - Interest on: Bank Loans/Lines of Credit
- Line 21 Subscription Service Sales Expenses
 - Sales Commissions, Printing

INSTRUCTIONS (cont'd)

Page 3: SCHEDULE OF REVENUES AND EXPENSES

Operating Revenues:

- Line 01: Transfer appropriate total from Page 2 as indicated.
Line 02: Enter settlement amounts from AHCCCS transports. (DO NOT include settlement amounts resulting from a transport made under a SUBSCRIPTION SERVICE CONTRACT)
Line 03: Enter settlement amounts from Medicare transports. (DO NOT include settlement amounts resulting from a transport made under a SUBSCRIPTION SERVICE CONTRACT)
Line 04: Enter total of ALL settlement amounts from Subscription Service Contract transports.
Line 05: Enter total of ALL settlement amounts from Contractual transports only.
Line 06: Enter total from any other settlement sources.
Line 07: Enter sum of lines 02 through 06.
Line 08: Total Operating Revenue (The amount from Line 01 minus Line 07).

Operating Expenses:

- Lines 09-21: Report as either actual or allocated from expenses shared with Fire or other departments.
Line 22: Enter the total sum of lines 09 through 21.
Line 23: Enter the difference of line 08 minus line 22.
Line 24: Enter the gross amount of sales from Subscription Service Contracts.
Line 25: Enter the amount of Other Operating Revenues.
Ex: Federal, State or Local Grants, Interest Earned, Patient Finance Charges.
Line 26: Enter the total of Local Supportive Funding.
Line 27: List other non-operating revenues (Ex: Donations, sales of assets, fund raisers).
Line 28: List other non-operating expenses (Ex: Civil fines or penalties, loss on sale of assets).
Line 29: Net Income (Line 23 plus Lines 24 through 27, minus Line 28).

Page 4: BALANCE SHEET

Current audited financial statements may be submitted in lieu of this page.

Page 5: STATEMENT OF CASH FLOWS

Current audited financial statements may be submitted in lieu of this page.

Questions regarding this reporting form can be submitted to:

Arizona Department of Health Services
Bureau of Emergency Medical Services
Certificate of Necessity and Rates Section

1651 E. Morten, Suite 130
Phoenix, AZ 85020
PH: (602) 861-0809
FAX (602) 861-9812

NOTICE OF FINAL RULEMAKING

TITLE 18. ENVIRONMENTAL QUALITY

CHAPTER 2. DEPARTMENT OF ENVIRONMENTAL QUALITY
AIR POLLUTION CONTROL

PREAMBLE

1. Sections Affected

R18-2-310
R18-2-310
R18-2-310.01
R18-2-313
R18-2-724

Rulemaking Action

Repeal
New Section
New Section
Amend
Amend

2. The specific authority for the rulemaking, including both the authorizing statute (general and the statutes the rules are implementing (specific):

Authorizing statutes: A.R.S. §§ 49-104(A)(11), 49-404, 49-425, and 49-426

Implementing statutes: A.R.S. §§ 49-104(A)(11), 49-404, 49-425, and 49-426

3. The effective date of the rules:

February 15, 2001

4. A list of all previous notices appearing in the Register addressing the final rule:

Notice of Rulemaking Docket Opening: 6 A.A.R. 3854, October 6, 2000

Notice of Proposed Rulemaking: 6 A.A.R. 4158, November 3, 2000

5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

Name: Mark Lewandowski or Martha Seaman, Rule Development Section

Address: Arizona Department of Environmental Quality
3033 North Central Avenue
Phoenix, Arizona 85012-2809

Telephone: (602) 207-2230 or (602) 207-2221. If you are outside the (602) area code dial 1(800) 234-5677, and ask for the extension.

Fax: (602) 207-2251

6. An explanation of the rule, including the agency's reasons for initiating the rule:

Summary. ADEQ has made amendments to its affirmative defense provisions for excess emissions in R18-2-310 in order to include an approvable affirmative defense mechanism in the State Implementation Plan (SIP). EPA proposed SIP approval of the current version of R18-2-310 in 1986, but never finalized its proposal. Then, in 1999, EPA published a clarifying policy on affirmative defense mechanisms for SIPs ("State Implementation Plans (SIPS): Policy Regarding Excess Emissions During Malfunctions, Startup, and Shutdown," August 11, 1999). This final rule is necessary to meet the SIP requirements under the 1999 Guidance.

ADEQ recently proposed a similar rule to the current proposal for the purposes of SIP and Title V program approval (5 A.A.R. 2840, August 20, 1999). That rule was terminated by ADEQ in order to resolve some unresolved issues between the stakeholders.

This final rule will continue the affirmative defense for certain excess emissions due to malfunctions, startups, and shutdowns. ADEQ has slightly modified the criteria for these affirmative defense categories to ensure that EPA will approve the rule into the SIP. The affirmative defenses will become more useful once they are approved into the SIP because they will be available in actions by citizens or EPA in federal court. The revisions clarify when affirmative defenses can be used and the steps a source must take to utilize an affirmative defense.

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The current R18-2-310 also allowed an affirmative defense for certain types of excess emissions during scheduled maintenance, if “greater or more extended excess emissions would result unless scheduled maintenance is performed.” In order to facilitate EPA approval of the affirmative defense rule into the SIP, the scheduled maintenance provision has been removed in this final rule. ADEQ is, however, studying the continued need for such a provision and expects to make it the subject of one or more rulemakings in the near future. In the interim, a scheduled maintenance affirmative defense is not available, however ADEQ still has enforcement action discretion, both in situations that would have previously allowed the defense, and in those that would not have. ADEQ will work with the public, and with sources in individual situations and in the rulemaking process, to ensure that enforcement action is pursued when appropriate and not used when not appropriate in situations related to scheduled maintenance.

Below are explanations of new Sections R18-2-310 and R18-2-310.01. The technical amendments to the remaining Sections (R18-2-313 and R18-2-724) correct citations to the old R18-2-310.

R18-2-310. Excess Emissions Due to Malfunctions, Startup, and Shutdown. The new R18-2-310 clarifies those conditions under which a source may obtain an affirmative defense if the source exceeds applicable emission limitations due to malfunction, startup, and shutdown.

ADEQ believes this rule resolves the issue of providing an affirmative defense for noncompliance with federal applicable requirements by listing in R18-2-310(A) those federal emission standards or limits that are excluded. Final R18-2-310(B) and (C) specify the criteria an owner or operator must meet to obtain an affirmative defense in a civil or administrative enforcement proceeding.

This final rule specifies that an affirmative defense is available in any civil or administrative proceeding (other than one for injunctive relief) upon the owner or operator demonstrating and agreeing to specific conditions (affirmative defenses in criminal proceedings are contained in A.R.S. §§ 49-464 (P), (Q) and (R) and 49-514 (O), (P) and (Q)). The rule requires that before owners and operators are granted an affirmative defense they must demonstrate that the source’s equipment and operations during startup, shutdown, and malfunction provided maximum protection to public health and to ambient air quality.

In this rule, the majority of conditions for an affirmative defense relating to malfunction, startup, and shutdown are identical. The rule, while recognizing the inevitability of these events, requires owners or operators to maximize their planning efforts and anticipate their responses whether the event is a malfunction, startup, or shutdown.

R18-2-310.01. Reporting Requirements. This new Section moved the former R18-2-310(C) and (D) to a separate Section to remove any ambiguities regarding the need and process for reporting an excess emissions event. The rule maintains the existing language that establishes a two-part reporting requirement for an owner or operator following an excess emissions event. The first requires notification by phone or fax within 24 hours of the event and the second requires a written report within 72 hours to the Director. The reporting requirements allow ADEQ to record and track such events as part of permitting and compliance efforts. This reporting requirement applies whether or not the owner or operator is requesting an affirmative defense as allowed by R18-2-310.

7. A reference to any study that the agency relied on its evaluation of or justification for the rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study, and other supporting material:

Not applicable

8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of the state:

Not Applicable

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

I. Rule Identification

Title 18, Chapter 2, R18-2-310, R18-2-310.01, R18-2-313 and R18-2-724.

II. Summary

This rule makes minor changes to existing affirmative defense requirements under conditions of malfunction, start up, and shutdown. ADEQ has concluded that these minor changes will have a negligible economic impact on sources that may wish to use the affirmative defense under these conditions. ADEQ requested comment on this conclusion and received no data or comments. In addition, ADEQ has determined that with these changes, the affirmative defense under conditions of malfunction, startup, and shutdown will be approvable by EPA into the SIP and therefore become more valuable to sources, because of its availability in federal court in enforcement actions by citizens or EPA under the SIP. It should also be noted that because former R18-2-310 was not approved into the SIP, an excess emissions affirmative defense for sources in suits by citizens or EPA did not exist under the SIP. Until this rule is approved by EPA into the SIP, the affirmative defenses are for actions by the state in state court.

Potentially, all of the more than 500 sources permitted by ADEQ could be affected by this rule. The table below shows some information on excess emissions reports from a recent period for which data was available.

Table 1. Excess Emissions Reported to ADEQ: 1996-1998, Yearly Average

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Industry Group Description	SIC Code	Average Yearly Incidents Reported
Electrical Services	491	589
Primary Smelting & Refining	333	287
Agricultural Chemicals	287	162
Concrete, Gypsum & Plaster	327	123
Paper Mills	261	88
Cement, Hydraulic	324	44
Sawmills & Planing Mills	242	39
Copper Ores	102	23
Misc. Metal Ores (nec)	1099	2
Sand & Gravel	144	1
Total Average Yearly Incidents Reported		1,358

Source: ADEQ AZAIRS database, 1998

This rule also eliminates, on a temporary basis, the affirmative defense for excess emissions due to scheduled maintenance. The economic impact of this change on sources was difficult to estimate because sources may choose to take certain actions as a result, but are not required to. As explained in the preamble, an affirmative defense effectively removes the Department's option to take enforcement action in a case where the facts support the affirmative defense. However, with no affirmative defense available to a source for excess emissions during scheduled maintenance, ADEQ still retains enforcement discretion. Therefore, in the absence of an affirmative defense, some sources may choose to assume that ADEQ will not take enforcement action, or that if an action is taken, that the monetary penalty will be small in comparison to the larger amounts of money necessary to install redundant pollution controls or that would be lost through shutting down an entire process for the time needed to perform the maintenance, and, thereby, avoid any excess emissions. It is also expected that having no affirmative defense available for scheduled maintenance will result in no economic impact on ADEQ. This is due to the expectation of no increase in revenue from fines due to exercise of enforcement discretion in a manner similar to the former affirmative defense.

ADEQ received some information relative to the copper smelting and semiconductor industries, 2 market sectors that could be impacted by the temporary removal of the scheduled maintenance affirmative defense. The probable impact for semiconductor facilities is due to the fact that semiconductor facilities typically run 24 hours a day, 365 days a year with little or no downtime. According to the information received, when a semiconductor facility has shutdowns, the shutdown either does not coincide with the need for preventive or scheduled maintenance, or does not last long enough to perform the necessary maintenance to keep control equipment in proper working order.

Two alternatives for sources without an affirmative defense for excess emissions due to scheduled maintenance are possible. In the first, the source shuts down part or all of a facility's operations to do preventative maintenance on control devices. In the second, redundant control devices are built into the process to allow operation by one while maintenance is performed on the other. With an affirmative defense, a single control device is installed and operated, but may be bypassed during maintenance, during which time excess emissions may result.

Based on information submitted to EPA by the Arizona Association of Industries and collected from member semiconductor manufacturing companies, requiring these "plants to shut down manufacturing equipment only to perform [preventative maintenance] on control devices would result in anywhere from \$3 million to more than \$10 million dollars of lost revenues per day." Alternatively, "[r]equiring the use of redundant control devices in many cases would be impracticable, and in all cases economically unjustified." (Paper from the Arizona Association of Industries, February 10, 1998) This information supports the argument that semiconductor sources may not choose either alternative to the affirmative defense and will continue to use a single control system and periodically bypass, even if the affirmative defense for scheduled maintenance ceases to exist for a period of time.

Similar examples of industry impact come from the copper smelting industry. Exact situations would be facility specific. With its capability of exercising enforcement discretion, ADEQ will continue to work with individual sources to minimize the impact of the temporarily unavailable affirmative defense for scheduled maintenance.

10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

The following change was made between the proposed rule and the final rule:

R18-2-310. Affirmative Defenses for Excess Emissions Due to Malfunctions, Startup, and Shutdown

A. No change

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B. Affirmative Defense for Malfunctions

Emissions in excess of an applicable emission limitation due to malfunction shall constitute a violation. The owner or operator of a source with emissions in excess of an applicable emission limitation due to malfunction has an affirmative defense to a civil or administrative enforcement proceeding based on that violation, other than a judicial action seeking injunctive relief, if the owner or operator of the source has complied with the reporting requirements of R18-2-310.01 and has demonstrated all of the following:

1. No change
2. No change
3. If repairs were required, the repairs were made in an expeditious fashion when the applicable emission limitations were being exceeded. Off-shift labor and overtime were utilized where practicable to insure that the repairs were made as expeditiously as possible. If off-shift labor and overtime were not utilized, the owner or operator satisfactorily demonstrated that the measures were ~~impractical~~ impracticable;
4. No change

11. A summary of the principal comments and the agency responses to them:

Two comments were received supporting the rule changes as proposed except for the change shown in part 10. Both commenters supported the change from the word "impractical" to impracticable" in R18-2-310(B)(3).

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

13. Incorporations by reference and their location in the rules:

None

14. Was this rule previously adopted as an emergency rule?

No

15. The full text of the rule follows:

TITLE 18. ENVIRONMENTAL QUALITY

**CHAPTER 2. DEPARTMENT OF ENVIRONMENTAL QUALITY
AIR POLLUTION CONTROL**

ARTICLE 3. PERMITS AND PERMIT REVISIONS

- ~~R18-2-310. Excess Emissions Repealed~~
~~R18-2-310. Affirmative Defenses for Excess Emissions Due to Malfunctions, Startup, and Shutdown~~
~~R18-2-310.01 Reporting Requirements~~
R18-2-313. Existing Source Emission Monitoring

ARTICLE 7. EXISTING STATIONARY SOURCE PERFORMANCE STANDARDS

- R18-2-724. Standards of Performance for Fossil-fuel Fired Industrial and Commercial Equipment

ARTICLE 3. PERMITS AND PERMIT REVISIONS

~~R18-2-310. Excess Emissions Repealed~~

~~A. Emissions in excess of an applicable emission limitation contained in this Chapter or in the terms of a permit shall constitute a violation. For all situations that constitute an emergency as defined in R18-2-306(E), the affirmative defense and reporting requirements contained in that provision shall apply. In all other circumstances, it shall be an affirmative defense if the owner or operator of the source has complied with the reporting requirements of subsection (C) of this Section in a timely manner, and has demonstrated all of the following:~~

- ~~1. The excess emissions resulted from a sudden and unavoidable breakdown of the process or the control equipment; resulted from unavoidable conditions during startup or shutdown; resulted from unavoidable conditions during an upset of operations; or that greater or more extended excess emissions would result unless scheduled maintenance is performed;~~
- ~~2. The air pollution control equipment, process equipment, or processes were at all times maintained and operated, in a manner consistent with good practice for minimizing emissions;~~
- ~~3. Where repairs were required, such repairs were made in an expeditious fashion when the applicable emission limitations were being exceeded and off-shift labor and overtime were utilized where practical to insure that such repairs were made as expeditiously as possible. If offshift labor and overtime were not utilized, the owner or operator satisfactorily demonstrated that such measures were impractical;~~

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4. ~~The amount and duration of the excess emissions (including any bypass operation) were minimized to the maximum extent practicable during periods of such emissions;~~
 5. ~~All feasible steps were taken to minimize the impact of the excess emissions on potential violations of ambient air quality standards;~~
 6. ~~The excess emissions were not part of a recurring pattern indicative of inadequate design, operation, or maintenance; and;~~
 7. ~~During the period of excess emissions there were no measured violations of the ambient air quality standards established in Article 2 of this Chapter which could be attributed to the emitting source.~~
- B.** ~~It shall be the burden of the owner or operator of the source to demonstrate, through submission of the data and information required by this Section, that all reasonable and practicable measures within the owner or operator's control were implemented to prevent the occurrence of excess emissions.~~
- C.** ~~Excess emissions shall be reported as follows:~~
1. ~~The owner or operator of any source issued a permit shall report to the Director any emissions in excess of the limits established by this Chapter or the applicable permit. Such report shall be in 2 parts as specified below:~~
 - a. ~~Notification by telephone or facsimile within 24 hours of the time when the owner or operator first learned of the occurrence of excess emissions including all available information from subsection (C)(2).~~
 - b. ~~Detailed written notification within 72 hours of the notification pursuant to subsection (C)(1)(a).~~
 2. ~~The excess emissions report shall contain the following information:~~
 - a. ~~The identity of each stack or other emission point where the excess emissions occurred.~~
 - b. ~~The magnitude of the excess emissions expressed in the units of the applicable emission limitation and the operating data and calculations used in determining the magnitude of the excess emissions.~~
 - c. ~~The time and duration or expected duration of the excess emissions.~~
 - d. ~~The identity of the equipment from which the excess emissions emanated.~~
 - e. ~~The nature and cause of such emissions.~~
 - f. ~~If the excess emissions were the result of a malfunction, steps taken to remedy the malfunction and the steps taken or planned to prevent the recurrence of such malfunctions.~~
 - g. ~~The steps that were or are being taken to limit the excess emissions. If the source's permit contains procedures governing source operation during periods of start-up or malfunction and the excess emissions resulted from start-up or malfunction, the report shall contain a list of the steps taken to comply with the permit procedures.~~
- D.** ~~In the case of continuous or recurring excess emissions, the notification requirements of this Section shall be satisfied if the source provides the required notification after excess emissions are first detected and includes in such notification an estimate of the time the excess emissions will continue. Excess emissions occurring after the estimated time period or changes in the nature of the emissions as originally reported shall require additional notification pursuant to subsection (C)(1)(b).~~
- E.** ~~Information required to be submitted by this Section shall be summarized and reported to the Director in accordance with provisions contained in the applicable permit issued pursuant to the requirements of this Chapter.~~

R18-2-310. Affirmative Defenses for Excess Emissions Due to Malfunctions, Startup, and Shutdown

A. Applicability

This rule establishes affirmative defenses for certain emissions in excess of an emission standard or limitation and applies to all emission standards or limitations except for standards or limitations:

1. Promulgated pursuant to Sections 111 or 112 of the Act.
2. Promulgated pursuant to Titles IV or VI of the Clean Air Act.
3. Contained in any Prevention of Significant Deterioration (PSD) or New Source Review (NSR) permit issued by the U.S. E.P.A..
4. Contained in R18-2-715(F), or
5. Included in a permit to meet the requirements of R18-2-406(A)(5).

B. Affirmative Defense for Malfunctions

Emissions in excess of an applicable emission limitation due to malfunction shall constitute a violation. The owner or operator of a source with emissions in excess of an applicable emission limitation due to malfunction has an affirmative defense to a civil or administrative enforcement proceeding based on that violation, other than a judicial action seeking injunctive relief, if the owner or operator of the source has complied with the reporting requirements of R18-2-310.01 and has demonstrated all of the following:

1. The excess emissions resulted from a sudden and unavoidable breakdown of process equipment or air pollution control equipment beyond the reasonable control of the operator;
2. The air pollution control equipment, process equipment, or processes were at all times maintained and operated in a manner consistent with good practice for minimizing emissions;

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3. If repairs were required, the repairs were made in an expeditious fashion when the applicable emission limitations were being exceeded. Off-shift labor and overtime were utilized where practicable to insure that the repairs were made as expeditiously as possible. If off-shift labor and overtime were not utilized, the owner or operator satisfactorily demonstrated that the measures were impracticable;
4. The amount and duration of the excess emissions (including any bypass operation) were minimized to the maximum extent practicable during periods of such emissions;
5. All reasonable steps were taken to minimize the impact of the excess emissions on ambient air quality;
6. The excess emissions were not part of a recurring pattern indicative of inadequate design, operation, or maintenance;
7. During the period of excess emissions there were no exceedances of the relevant ambient air quality standards established in Article 2 of this Chapter that could be attributed to the emitting source;
8. The excess emissions did not stem from any activity or event that could have been foreseen and avoided, or planned, and could not have been avoided by better operations and maintenance practices;
9. All emissions monitoring systems were kept in operation if at all practicable; and
10. The owner or operator's actions in response to the excess emissions were documented by contemporaneous records.

C. Affirmative Defense for Startup and Shutdown

1. Except as provided in subsection (C)(2), and unless otherwise provided for in the applicable requirement, emissions in excess of an applicable emission limitation due to startup and shutdown shall constitute a violation. The owner or operator of a source with emissions in excess of an applicable emission limitation due to startup and shutdown has an affirmative defense to a civil or administrative enforcement proceeding based on that violation, other than a judicial action seeking injunctive relief, if the owner or operator of the source has complied with the reporting requirements of R18-2-310.01 and has demonstrated all of the following:
 - a. The excess emissions could not have been prevented through careful and prudent planning and design;
 - b. If the excess emissions were the result of a bypass of control equipment, the bypass was unavoidable to prevent loss of life, personal injury, or severe damage to air pollution control equipment, production equipment, or other property;
 - c. The source's air pollution control equipment, process equipment, or processes were at all times maintained and operated in a manner consistent with good practice for minimizing emissions;
 - d. The amount and duration of the excess emissions (including any bypass operation) were minimized to the maximum extent practicable during periods of such emissions;
 - e. All reasonable steps were taken to minimize the impact of the excess emissions on ambient air quality;
 - f. During the period of excess emissions there were no exceedances of the relevant ambient air quality standards established in Article 2 of this Chapter that could be attributed to the emitting source;
 - g. All emissions monitoring systems were kept in operation if at all practicable; and
 - h. The owner or operator's actions in response to the excess emissions were documented by contemporaneous records.
2. If excess emissions occur due to a malfunction during routine startup and shutdown, then those instances shall be treated as other malfunctions subject to subsection (B).

D. Affirmative Defense for Malfunctions During Scheduled Maintenance

If excess emissions occur due to a malfunction during scheduled maintenance, then those instances will be treated as other malfunctions subject to subsection (B).

E. Demonstration of Reasonable and Practicable Measures

For an affirmative defense under subsection (B) or (C), the owner or operator of the source shall demonstrate, through submission of the data and information required by this Section and R18-2-310.01, that all reasonable and practicable measures within the owner or operator's control were implemented to prevent the occurrence of the excess emissions.

R18-2-310.01. Reporting Requirements

A. The owner or operator of any source shall report to the Director any emissions in excess of the limits established by this Chapter or the applicable permit. The report shall be in 2 parts as specified below:

1. Notification by telephone or facsimile within 24 hours of the time the owner or operator first learned of the occurrence of excess emissions that includes all available information from subsection (B).
2. Detailed written notification by submission of an excess emissions report within 72 hours of the notification under subsection (1).

B. The excess emissions report shall contain the following information:

1. The identity of each stack or other emission point where the excess emissions occurred;
2. The magnitude of the excess emissions expressed in the units of the applicable emission limitation and the operating data and calculations used in determining the magnitude of the excess emissions;
3. The time and duration or expected duration of the excess emissions;
4. The identity of the equipment from which the excess emissions emanated;
5. The nature and cause of the emissions;

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6. The steps taken, if the excess emissions were the result of a malfunction, to remedy the malfunction and the steps taken or planned to prevent the recurrence of the malfunctions;
 7. The steps that were or are being taken to limit the excess emissions; and
 8. If the source's permit contains procedures governing source operation during periods of startup or malfunction and the excess emissions resulted from startup or malfunction, a list of the steps taken to comply with the permit procedures.
- C.** In the case of continuous or recurring excess emissions, the notification requirements of this Section shall be satisfied if the source provides the required notification after excess emissions are first detected and includes in the notification an estimate of the time the excess emissions will continue. Excess emissions occurring after the estimated time period or changes in the nature of the emissions as originally reported shall require additional notification pursuant to subsections (A) and (B).

R18-2-313. Existing Source Emission Monitoring

- A. No change
- B. No change
- C. No change
- D. No change
- E. Minimum data requirement: The following subsections set forth the minimum data reporting requirements for sources employing continuous monitoring equipment as specified in this Section. These periodic reports do not relieve the source operator from the reporting requirements of ~~Section R18-2-310~~ R18-2-310.01.
 1. No change
 2. No change
 3. No change
 4. No change
 5. No change
 6. No change
- F. No change

ARTICLE 7. EXISTING STATIONARY SOURCE PERFORMANCE STANDARDS

R18-2-724. Standards of Performance for Fossil-fuel Fired Industrial and Commercial Equipment

- A. No change
- B. For purposes of this Section, the heat input shall be the aggregate heat content of all fuels whose products of combustion pass through a stack or other outlet. The heat content of solid fuel shall be determined in accordance with ~~R18-2-310~~ R18-2-311. Compliance tests shall be conducted during operation at the nominal rated capacity of each unit. The total heat input of all fuel-burning units on a plant or premises shall be used for determining the maximum allowable amount of particulate matter which may be emitted.
- C. No change
- D. No change
- E. No change
- F. No change
- G. No change
- H. No change
- I. No change
- J. For the purpose of reports required under excess emissions reporting required by ~~R18-2-310~~ R18-2-310.01, the owner or operator shall report all 6-minute periods in which the opacity of any plume or effluent exceeds 15%.
- K. No change

NOTICE OF FINAL RULEMAKING

TITLE 18. ENVIRONMENTAL QUALITY

CHAPTER 5. DEPARTMENT OF ENVIRONMENTAL QUALITY
ENVIRONMENTAL REVIEWS AND CERTIFICATION

PREAMBLE

1. Sections Affected

R18-5-101
R18-5-102
R18-5-103
R18-5-104
R18-5-105
R18-5-106
R18-5-107
R18-5-108
R18-5-109
R18-5-110
R18-5-111
R18-5-112
R18-5-113
R18-5-114
R18-5-115
R18-5-116

Rulemaking Action

Amend
Amend
Amend
Amend
Amend
Amend
Amend
Amend
Amend
Amend
Repeal
Amend
Amend
Amend
Amend
New Section

2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Authorizing statutes: A.R.S. §§ 49-104, 49-202, 49-203, 49-351, 49-352, 49-353, and 49-361

Implementing statute: A.R.S. § 49-352

3. The effective date of the rules:

February 16, 2001

4. A list of all previous notices appearing in the Register addressing the final rule:

Notice of Rulemaking Docket Opening: 6 A.A.R. 1441, April 14, 2000

Notice of Proposed Rulemaking: 6 A.A.R. 2926, August 11, 2000

5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

Name: Jeffrey W. Stuck
Manager, Drinking Water Section, or

Anthony J. Bode
Manager, Program Development & Outreach, Drinking Water Section

Address: Arizona Department of Environmental Quality
3033 North Central Avenue (M0248A)
Phoenix, AZ 85012-2809

Telephone: Jeff Stuck (602) 207-4617

Tony Bode (602) 207-4648
(or, toll free in Arizona, (800) 234-5677 and ask for the four-digit extension.)

Fax: (602) 207-4634

6. An explanation of the rule, including the agency's reasons for initiating the rule:

A. Background for These Proposed Rules

The rationale for this rulemaking is primarily to improve the operator certification program administered by the Arizona Department of Environmental Quality, to ensure the quality of drinking water distributed through public water systems in Arizona. The changes will also bring Arizona's operator certification program into alignment with operator certification programs in other states, and avoid possible significant cuts in grant funding to the State of Arizona.

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The primary purpose of the Safe Drinking Water Act (SDWA) is to ensure that drinking water supplied to consumers by public water systems is safe to drink and does not exceed prescribed maximum contaminant levels (MCLs); that consumers are confident that their water is safe to drink; and that public water system operators are trained, certified, and knowledgeable regarding the public health reasons for drinking water standards. Public water systems are required to have a remote or on-site operator to ensure that water is being safely supplied to consumers. If an operator resigns or is involuntarily removed, it is the responsibility of the water supplier to fill the operator position.

The statutory authority for this rulemaking is provided by ADEQ's general rulemaking authority (A.R.S. § 49-104), the agency's designation of responsibility for the Clean Water Act and Safe Drinking Water Act in Arizona (A.R.S. § 49-202, which includes authorization to enter into contracts and agreements), ADEQ's designation as the agency responsible for ensuring the quality of potable water in public water systems in Arizona (A.R.S. §§ 49-351, 49-353), and ADEQ's responsibility for certifying operating personnel for potable water systems (A.R.S. § 49-352). There is also a federal incentive created by 42 U.S.C. §§ 300j-12(a)(1)(ii), which states that the Administrator of the U.S. Environmental Protection Agency must withhold 20 percent of each state capitalization grant unless the state has met the requirements of 42 U.S.C. §§ 300g-8, relating to operator certification. 42 U.S.C. §§ 300g-8 required the publication of guidelines in the Federal Register, after notice and opportunity for comment, specifying the minimum standards for certification of operators of public water systems.

On February 6, 1999, the EPA finalized the "Guidelines for the Certification and Recertification of the Operators of Community and Nontransient Noncommunity Public Water Systems." The Safe Drinking Water Act (SDWA) Amendments of 1996 required that the final guidelines be published in the Federal Register by February 6, 1999. The guidelines provide States with EPA's view of the minimum standards for the development, implementation and enforcement of operator certification programs for community and nontransient noncommunity public water systems. Beginning two years after publication of the guidelines, EPA must withhold 20% of a State's Drinking Water State Revolving Fund capitalization grant funds unless the State has adopted and is implementing an operator certification program that meets the requirements of the guidelines or submits an existing program that is substantially equivalent to the guidelines, which gives the state a significant incentive to strengthen its operator certification rules. Regardless of the federal incentive, the Department's primary purpose is to increase public safety by strengthening the existing criteria for the certification of operators of public water systems.

ADEQ held five stakeholder meetings during April and May to discuss the proposed new rule to establish criteria for operator certification. Approximately 50 stakeholders attended the meetings and gave their input on the draft rules. ADEQ incorporated many of the suggestions by the stakeholder group into the proposed rules. The rules establish the requirements for certification and classification, examinations, renewal of certificates, expired certificates, revocation, reciprocity for out-of-state applicants, and experience and education.

One major component of the rule package is the repeal of the fees associated with exams, certification, and renewals. In the future, it is likely that the Department will rarely administer operator certification examinations, but rather will contract with third parties who will administer the examinations. The Department is currently in the process of finalizing a Request for Proposal pursuant to which parties interested in becoming examiners will submit proposals to the Department. Those entities whose proposals are accepted will be put on a list of approved examiners, which ADEQ will provide to applicants for certification. This revision to the rules will increase flexibility for the public water systems, as the third-party examiners may be able to provide the examinations at a place and time that is more convenient for operators. Currently, examinations are only offered quarterly; the third-party examiners should be able to offer examinations on a walk-in basis, or by appointment from an approved examiner.

Certified operators are an important element in achieving the public health protection goals of the SDWA. Once a water system has been designed and constructed, it is imperative that the system be operated correctly. Improper operation can result in public health threats. For example, many water systems apply chlorination as a disinfection agent to kill harmful bacteria and pathogens which may exist in water. If the chlorination is not applied in the proper dose and the residual concentration is not properly measured, the chlorination may not kill the bacteria and pathogens in the water, or, when chlorine is applied in too high of a dose, other harmful contaminants may be formed from the chlorine's interaction with organics in the water.

In order to first determine and then ensure the proper dose of chlorine is applied, the system operator must have a working knowledge of mathematical equations in order to ascertain water volume and to properly interpret water quality test results. Through this knowledge, the operator can determine the proper dose of chlorine necessary to ensure adequate disinfection while minimizing the formation of other harmful contaminants. A certification program provides testing and training requirements for persons who will be responsible for the operation of water systems. Through the certification program, persons obtain and demonstrate their ability to safely operate drinking water systems.

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In an effort to establish national baseline standards for the certification and recertification of public water system operators, and pursuant to congressional mandate, EPA developed and published a document entitled "Guidelines for the Certification and Recertification of the Operators of Community and Nontransient Noncommunity Public Water Systems." Prior to the publication of the guidelines, some states did not have a program to certify operators of public water systems. The guidelines establish what EPA considers to be the minimum requirements for a operator certification programs. Because the EPA guidelines represent only minimum standards, EPA does not expect that states whose current operator certification program requirements exceed the minimum standards in the guidelines will lower their operator certification program requirements.

The operating requirements for public water systems range from simple to complex, depending on the source water quality and system size. Generally, smaller water systems are less sophisticated and easier to operate than larger water systems. Therefore, it is not appropriate or economical to require small systems to have an operator of the same competence as a larger water system. As system size increases, the complexity of the system increases as well. Because of this, it is necessary to devise a graduated classification system of water systems. Arizona's current operator certification program provides for this graduated classification system; the classification system has been enhanced and modified in accordance with the EPA guidelines. The proposed classification system now operates on a point system, whereby additional points are accrued as population and system sophistication increases.

The SDWA contains a complex regulatory protocol which is applicable all public water facilities, from the largest to the smallest regulated facilities. In Arizona, there are approximately 1700 regulated public water systems. Of those 1700 regulated water systems, 15% of the largest and most sophisticated systems provide water to approximately 90% of the Arizona population. The remaining 85% of the water systems in the state, serving the remaining 10% of the Arizona population, are either small (serving between 3,300 and 10,000 persons) or very small (serving fewer than 3,300 persons). The operator certification program ensures that all water systems, from the smallest to the largest, are supervised by operators who have experience and training commensurate with the sophistication of the system.

Most people drink water from a variety of drinking water systems of varying sizes and geographic locations. By establishing minimum requirements and competency standards, the operator certification program allows citizens to obtain drinking water from a variety of public water systems with confidence that the drinking water is safe regardless of the location or size of the water system.

B. Section-by-Section Explanation of the Rules

R18-5-101 sets forth definitions for this Article.

R18-5-102 establishes the scope of applicability of this Article.

R18-5-103 sets forth the requirements for the certification committee.

R18-5-104 sets forth general requirements for facility owners and operators.

R18-5-105 sets forth the requirements for eligibility for certification

R18-5-106 sets forth requirements for taking an examination.

R18-5-107 sets forth the requirements for renewal of a certificate.

R18-5-108 sets forth the requirements for reinstatement and renewal of an expired certificate.

R18-5-109 sets forth criteria for denial and revocation of certificates.

R18-5-110 sets forth requirements for reciprocity for certificate holders from other jurisdictions.

R18-5-111 is repealed.

R18-5-112 sets forth experience and education requirements for certification.

R18-5-113 is repealed and replaced with a new Section which sets forth criteria for the classification of facilities.

R18-5-114 sets forth criteria for the grading of wastewater treatment plants and collection systems.

R18-5-115 sets forth criteria for the grading of water treatment plants and distribution systems.

R18-5-116 sets forth criteria for the initial grading and regrading of facilities.

Note: The applicable time-frames for licenses issued under this Article are at 18 A.A.C. 1, Article 5, Table 9. The changes in this Article will require changes to the time-frames for operator certification; the changes will be included in the next amendment to the Department's licensing time-frame rules.

C. Discussion of 1998 Five-year-review Report

A five-year-review report for 18 A.A.C. 5, Articles 1 and 4, was approved by the Governor's Regulatory Review Council December 1, 1998. The report stated that the operator certification rules should be retained for three reasons:

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- 1.) They are mandated by state law. A.R.S. §§ 49-352(A) and 49-361(2) require the Department to adopt, establish, and enforce rules for the classification of potable water systems, wastewater collection systems, and treatment plants, and for the certification of operating personnel according to the skill, knowledge, and experience required for the applicable certification;
- 2.) It was known at the time of the report that the EPA would withhold money from states that did not have operator certification programs that complied with the minimum standards prescribed in federal guidelines; and
- 3.) Operator certification rules are needed to ensure competency of operators, thereby ensuring safe drinking water.

At the time the report was written, the Department planned to amend or repeal all of the rules subject to review, which it has done. However, the actions in this rulemaking are not always consistent with the proposed courses of action stated in the 1998 report. There are a number of reasons for these variances, including stakeholder objections and changing goals and objectives.

At the time of the report, the Department planned to replace R18-5-102, which exempts certain types of facilities, with an applicability Section that specifies who is regulated by the operator certification rules. The Department has done this, and after reviewing the exemptions, deleted several for which there was no adequate basis.

In the report, the Department planned to divide R18-5-104 into a number of different Sections. The Department has done this by moving those parts of the rule which concern classification of facilities to R18-5-113, immediately prior to the Sections pertaining to grading of facilities.

R18-5-105, certification, was slated for repeal in the report, since it was duplicative of other Sections; instead, the repetitive part has been repealed, and new text has been added concerning the certification process. The report proposed a number of changes to R18-5-106, examinations, most of which were implemented. The Department has also added provisions for third-party examiners which were not mentioned in the report. R18-5-111, certification without examination, has been repealed, as predicted in the report.

The Department did not make all of the planned revisions discussed in the report, but it did effect the changes which it deemed advisable to make at this time, as well as other changes not referenced in the 1998 report.

7. A reference to any study that the agency relied on in its evaluation of or justification for the rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study and other supporting material:

None

8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

9. Summary of the economic, small business, and consumer impact (EIS):

A. Identification of Rule

Title 18, Chapter 5, Article 1, "Classification of Treatment Plants and Certification of Operators."

This EIS, published in the *Arizona Administrative Register*, represents the entire document.

B. Background Information

The Environmental Protection Agency (EPA) published final guidelines containing minimum standards for certification and re-certification of operators of public water systems. 64 FR 5916, February 5, 1999.¹ The effective date of the guidelines was February 5, 1999; the compliance deadline is February 5, 2001. The purpose of the guidelines is to establish national baseline standards for the protection of public health. Having qualified and certified operators is necessary for achieving public health protection goals of the Safe Drinking Water Act (SDWA) amendments of 1996.

The process for developing these guidelines consisted of two working groups: the State-EPA Work Group, composed of seven state and ten EPA representatives; and the Partnership, an Operator Certification Work Group of the National Drinking Water Advisory Council (NDWAC), composed of 23 members.² These groups achieved consensus on "baseline standards." The Partnership provided NDWAC with the standards, and in October of 1997, NDWAC formally recommended baseline standards to EPA. Subsequently, EPA incorporated the recommendations of NDWAC into draft guidelines that were published March 27, 1998.

EPA's guideline approach enables states to have flexibility in implementing and enforcing their individualized programs while ensuring protection of public health. Additionally, Congress established a provision for small system operators to be reimbursed for training and certifying costs, but the guidelines for the reimbursement have yet to be developed by EPA.

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ADEQ is conducting this rulemaking both to promote public health and to comply with EPA's final guidelines. The changes will affect, among other things, minimum standards for operator certification and re-certification, classification of systems, facility operations, and enforcement.³ The guidelines, for example, require public water systems to have an on-site or remote operator who is trained and certified and who understands the public health reasons for drinking water standards.⁴ This is important because the main purpose of the SDWA is to ensure that drinking water supplied to consumers by public water systems is safe to drink and that it does not exceed prescribed maximum contaminant levels. Therefore, this rule will require facility personnel who make decisions about process control and system integrity to be certified, or if done by someone who is not certified, it must be done under the direct authority of a certified operator.

C. Potential Impacts

Entities that could be directly affected, bear costs, or directly benefit from this rule include the following: facilities (drinking water and wastewater),⁵ approved examiners, applicants, ADEQ (SDWA program), the state (General Fund), and the general public (consumers, users, and others). Note that ADEQ's database contains about 9,000 certified operators, but an unknown proportion of these operators are not active.

Some of the changes that this rulemaking would effect are: repealing fees, allowing third parties to administer examinations, strengthening the certification requirements for operators, changing the classification system, and requiring continuing education. Despite these changes, ADEQ believes that the incremental impact of this rule probably will be relatively minimal (see endnote #9 for additional information about potential impacts and the meaning of "minimal" as used in this EIS).

Although the shift from ADEQ-administered examinations to examinations administered by approved examiners could result in increased examination costs for operators, ADEQ expects any increase in costs to be relatively minimal.⁶ Since this rule does not require training prior to testing, the incremental impact may be less than one may anticipate, particularly if community colleges, universities, and municipalities are approved to administer operator certification examinations. ADEQ also expects operators to experience increased costs for complying with continuing education requirements, but again, ADEQ anticipates any increase in costs to be minimal.⁷

With the repeal of fees for certification examinations, certification by reciprocity, and certification renewals, ADEQ expects a revenue loss of not more than \$65,000 annually to the state General Fund. These changes are expected to produce relatively minor impacts, and ADEQ will continue to issue certifications and renewals without the need for additional staff. As a result of this rulemaking, ADEQ expects that some staff job descriptions will change as responsibilities are shifted within the program to allow more outreach and auditing of facilities.

Because ADEQ plans to contract out the responsibility of administering examinations to approved examiners, the Department should experience increased efficiency as employees' time is made available for other activities. For example, ADEQ's outreach activities will include professional development at no cost to applicable personnel at various facilities throughout the state, allowing operators to receive continuing education at no cost.

A major benefit of this rule is the opportunity for better training for system operators (drinking water and wastewater treatment) and increased flexibility concerning when and where applicants can take examinations. This, in return, is expected to generate indirect benefits via improved protection of public health for consumers served by these public water systems and users of wastewater treatment systems. For example, because the operator certification program establishes minimum requirements and competency standards, consumers obtaining water from a variety of drinking water systems should have increased confidence that their drinking water is safe. Again, all decisions about process control and system integrity must be made by a certified operator.

Rule changes to the classification system virtually will have no impact to these systems.⁸ This is because ADEQ expects their grades to remain the same with the implementation of this rule.

ADEQ expects that this rule will not negatively impact employment, revenues, or payroll expenditures. A minimal amount of examination revenues will shift to approved examiners. As mentioned, this will result in a minimal loss of revenues to the state General Fund. Although increased costs cannot be quantified, ADEQ expects probable benefits to outweigh probable costs because of the increased potential for public protection (consumers, users, and general public) and applicant flexibility. Finally, a potential exists for cost-avoidance benefits to facilities due to improving the operation of systems and mitigating the potential for facilities being out of compliance.

D. Rule Impact Reduction on Small Businesses

State law requires agencies to reduce the impact of a rule on small businesses by using certain methods when they are legal and feasible in meeting the statutory objectives of the rulemakings. ADEQ considered each of the methods prescribed in A.R.S. §§ 41-1035 and 41-1055(B)(5)(c) for reducing the impact on small businesses.

Methods that may be used include the following: (1) exempt them from any or all rule requirements, (2) establish performance standards which would replace any design or operational standards, or (3) institute reduced compliance or reporting requirements. An agency may accomplish the third method by establishing less stringent requirements, consolidating or simplifying them, or setting less stringent schedules or deadlines.

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As a result of providing increased flexibility, clarity, and improved efficiency, this rule potentially could provide cost-saving benefits to small businesses. For example, an operator of a small system may experience reduced travel time to testing and training sites, as well as more opportunities for training and testing. In addition, small system personnel potentially could experience less time away from the facility. These benefits should help to reduce the financial burden on small systems. Finally, except for what is built into the federal minimum standards, ADEQ has been unable to incorporate other methods to further reduce the impact on small businesses.

E. Caveat

Although this analysis does not contain monetized impacts, or even quantified examples with a set of assumptions, ADEQ expects that the assessment of a “minimal” impact is realistic for the implementation of this rule.⁹ Benefits represent incremental benefits, comprised mainly of increased flexibility to applicants and potential public benefits (consumers and users). Although ADEQ has indicated “minimal” potential impacts from this rule, actual costs and benefits could vary over time.

Technically, determining the impacts of this new rule is encumbered by the fact that ADEQ did not receive any information or data following the publication of the “Notice of Proposed Rulemaking” (6 A.A.R. 2926, August 11, 2000). Although transferring examinations to approved examiners has the potential to increase the cost of examinations in the competitive market, due to the laws of supply and demand, which is central to predicting new price equilibriums in the market, other factors may come into play once this rule is implemented (e.g., expectations, relative prices of other services and goods, incomes, and preferences). However, ADEQ expects the impact to be very minimal, particularly since ADEQ expects a considerable amount of minimal or no cost training for operators (see endnote #6).

Even though the Department has made a good faith effort to estimate potential costs and benefits under this rule, data were extremely limited and benefits were based on contrived outcomes. Nonetheless, under A.R.S. §41-1052(G), if an agency makes an effort and explains the methodology that generated the impacts, the rule may not be invalidated after it is made, upon grounds that the contents of the EIS are insufficient or inaccurate, or that it was erroneously approved by the Governor’s Regulatory Review Council.

F. Less Intrusive or Costly Methods

ADEQ could not find any alternative methods that would be less intrusive or less costly to implement the rule objectives.

Endnotes

¹ The guidelines provide states with minimum standards for developing, implementing, and enforcing an operator certification program for community and nontransient noncommunity public water systems. A state must implement an operator certification program that meets EPA guidelines, or it must submit an existing program that is substantially equivalent to EPA guidelines. If a state’s program does not comply with EPA guidelines, it will be subject to sanctions, which could mean the withholding of 20% of a state’s Drinking Water State Revolving Fund capitalization grant. The compliance date for this requirement is February 5, 2001. Safe Drinking Water Act Amendments of 1996, § 1452 (Pub. L. 104-182).

² Members of the Partnership represented public water systems, environmental and public interest advocacy groups, state drinking water program representatives, EPA, U.S. Department of Agriculture, U.S. Public Health Service, Indian Health Service, and other interest groups. In August of 1998, both work groups, the State-EPA Work Group and the Partnership, met to consider public comments and to make recommendations (during the 90-day public comment period, over 90 parties submitted public comments). Recommendations were provided to NDWAC for consideration. In November of 1998, NDWAC formally provided EPA with its recommendations. EPA made changes based on public comments and on recommendations of its work groups and NDWAC.

³ Other requirements include: certificate renewals, expired certificates, revocations, reciprocity, education, and experience. Note also that ADEQ will maintain a listing of all approved examiners.

⁴ Certified operators are vital for the overall strategy of ensuring that drinking water meets public health standards. A facility owner must make sure that the person in direct charge of the facility is a certified operator at or above the grade of the facility, or if in charge of more than one facility, that operator must be certified at or above the grade of the facility with the highest grade. Likewise, an operator in charge of a facility in the absence of the operator in direct responsible charge must be certified at a grade no lower than one grade below the grade of the facility. Finally, an operator may operate one or more Grade 1 or Grade 2 facilities as a remote operator if that operator is certified at or above the grade of the facility.

⁵ Arizona has about 1,700 drinking water facilities. Only 15% of these facilities supply water to about 90% of the state’s population. Small systems, serving 3,300-10,000 population, and very small systems, serving less than 3,300 population, which account for the remaining 85% of the facilities, supply water to the remaining 10% of the state’s population. Considering all of the systems, 16% are operated by federal, state, and county entities; 18% of the facilities represent partnerships, corporations, schools, irrigation districts, etc.; 18% are entities regulated by the Arizona Corporation Commission; and the remaining 47% have not yet been determined.

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⁶ Approved examiners could include a combination of testing entities (e.g., state community colleges, universities, nonprofit organizations, municipalities, and private businesses). ADEQ anticipates many approved examiners to charge very minimal or no costs for these examinations. Other entities could include a community college in which tuition for a course would cost less than \$130. In addition, the Office of Water Programs, California State University at Sacramento, currently offers 16 operator training courses. The enrollment fee is \$40 plus the cost of manuals, which range from \$11 to \$33.

⁷ ADEQ expects the continuing education requirement not to adversely impact certified operators. Although the economic cost will vary depending on the training entity, ADEQ expects it to be minimal with benefits exceeding costs. For instance, the impact could range from low, at no cost or very little cost, to moderate, at a higher cost. Any lodging or food expenditure, of course, would increase the impact. It is unknown what this cost mix might actually turn out to be once this rule is implemented.

⁸ These systems include: wastewater treatment plants and collection systems and water treatment plants and distribution systems. The current classification system has been changed to include a point system. For instance, additional points are obtained as population and system sophistication increases.

⁹ The use of the term “minimal” in this EIS means incremental costs less than \$75,000. However, ADEQ believes that incremental costs should be much less. Remember that the economic cost of this rule represents the incremental cost, or that predicted increase in cost above what currently is required, and not total costs. For example, the cost of training for applicants would not be considered an “incremental” cost unless additional personnel would have to be trained and certified under new rule provisions.

Note that it was not possible to predict the potential increase in cost for shifting examinations for operator certification to a third party. Likewise, it was not possible to estimate how many additional personnel from either drinking water or wastewater facilities would need to be trained and certified. Finally, it was not possible to estimate what the cost will be for continuing education requirements. However, the following examples are included to show a perspective of the impact:

If a total of 1,500 applicants took various examinations (50% Grades 1-2 and 50% Grades 3-4 with 50% of each of these two groups taking retests) under the current rule, they would pay a total of \$37,500. If this same group took examinations after the implementation of this new rule and approved examiners charged an average of \$50 per test (original or retest), these same applicants would pay \$75,000. The “incremental” cost would be \$75,000 less \$37,500 or \$37,500. But training costs probably would not qualify as an incremental cost since this rule did not set additional learning requirements. However, if this rule would result in a need for additional certified operators from facility personnel (due to the requirement that an operator directly responsible must be certified), the cost of training and certification would be considered an incremental cost. How much this incremental cost may be is unknown.

10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

Minor changes to grammar, punctuation, and style were made throughout the rules to comply with current rule writing standards and to improve the clarity, conciseness, and general readability of the rules. Also, numbers below ten are now spelled out, as permitted by recent changes in the Secretary of State’s style guidelines. Below is a list of changes made between publication of the notice of proposed rulemaking and this notice of final rulemaking, as well as the reasons for the changes:

CHANGE: R18-5-101 - Delete definition of “significant modification.”

REASON: Term is no longer used in Article 1.

CHANGE: R18-5-101 - Shorten definition of “operator.”

REASON: Delete repetitive language already found in definition of “certified operator.”

CHANGE: R18-5-101 - Add definition of “PDH” and “professional development hour.”

REASON: Term was previously defined in rule text; since it is used numerous times in the rulemaking, adding the definition to this Section clarifies the rule.

CHANGE: R18-5-101 - Shorten and revise definition of “public water system.”

REASON: Incorporate by cross-reference the statutory definition.

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CHANGE:	R18-5-101 - Add definition of “qualifying discipline.”
REASON:	Clarify meaning of term used throughout the rulemaking.
CHANGE:	R18-5-101 - Add definition of “validated examination.”
REASON:	Clarify meaning of term used throughout the rulemaking.
CHANGE:	R18-5-102 - Change heading from “exemptions” to “applicability”; add new subsection (A).
REASON:	Implement change discussed in five-year-review report, i.e. change the focus of the rule from what is not addressed to what is addressed in 18 A.A.C. 5, Article 1.
CHANGE:	R18-5-103(A) - Insert “Upon the effective date of this rule,” at the beginning of the sentence.
REASON:	Clarify that the Department plans to have the Director appoint a new certification committee upon the effective date of the proposed rule.
CHANGE:	R18-5-103(D) - Insert “The certification committee shall meet at least twice a year.” at the beginning of subsection.
REASON:	The Department believes that the committee should meet at least this often.
CHANGE:	R18-5-104 - Completely reorganize subsections. Move former (D) to new Section R18-5-113, classes of facilities. Amend language to stating that the owner of a facility is responsible for ensuring implementation of Section requirements. Move parts dealing with change in grade (formerly referred to as classification) of facilities to new Section R18-5-116.
REASON:	The new arrangement and wording of this Section is more clear, precise and understandable. Moving parts of the Section into new Sections implements the five-year-review report, which stated that the Section should be divided into several more topical parts. The Department clarified in various places in the rulemaking that the owner of a facility is the party responsible for compliance of facilities and operators with the requirements contained in the rulemaking.
CHANGE:	R18-5-104(A) - Strike “principle certified” and insert “in direct responsible charge.”
REASON:	Consistency and clarity. The term “principle operator” is not defined in R18-5-101; the term “operator in direct responsible charge” is defined in R18-5-101.
CHANGE:	R18-5-104(E)(4) - Insert “If the remote operator is not available for any reason, the remote operator shall provide the name and telephone number of a qualified substitute operator.”
REASON:	To make subsections consistent.
CHANGE:	R18-5-104(E)(7)(a) - Insert “or Grade 2” between “1” and “water”.
REASON:	Consistency among subsections.
CHANGE:	R18-5-105(B) - New Section.
REASON:	Added for clarification of application information and to implement actions referenced in the Department’s five-year-review report.
CHANGE:	R18-5-106(B), R18-5-106(C), R18-5-106(D), and R18-5-106(E) - Reorganization of parts; new subsections added.
REASON:	Changes clarify by structuring rule in more logical manner and by adding criteria concerning examination content and validation. The changes also implement actions referenced in the Department’s five-year-review report.

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CHANGE:	R18-5-107(B) - Strike “a form provided by” and insert “a format acceptable to”.
REASON:	Consistency and clarification.
CHANGE:	R18-5-108(A) - Strike “application and”.
REASON:	Only the documentation is required.
CHANGE:	R18-5-109 - Completely revise Section.
REASON:	The rewrite implements the five-year-review report by adding language concerning denials and specifying the applicable law.
CHANGE:	R18-5-110 - Change wording.
REASON:	The changes make the Section more clear and concise, as well as clarifying that the Department accepts examinations offered by other states and other jurisdictions, including Native American tribes in Arizona.
CHANGE:	R18-5-112 - Renumbered, reorganized, and clarified.
REASON:	Formerly R18-5-111 in the published proposed version, the Section now retains its original label. The language was changed to clarify that applicants are not required to be certified one level at a time, but rather can sit for an examination for whatever grade level they meet the qualifications for. The changes eliminate inconsistency, and avoid impractical requirements that would result in the potential exclusion of qualified applicants.
CHANGE:	R18-5-113 - New Section.
REASON:	Created from other parts of the rulemaking, primarily R18-5-104, this Section groups in one Section the elements of facility classification, promoting clarity and understandability.
CHANGE:	R18-5-114 and R18-5-115 - Relabeled (renumbered) back to their original labels, with changes in wording and organization.
REASON:	These two Sections were labeled R18-5-112 and R18-5-113 in the proposed rulemaking. In the headings, “classification” was changed to “grades.” Abbreviations in the tables were spelled out. In the table for plant characteristics in R18-5-115(A), “O2” was replaced with “carbon dioxide.” The format and organization were also altered.
REASON:	The change in headings from “classification” to “grades” more accurately states the purpose of the Sections. “O2” was a typographical error. The format and organizational changes were made to improve clarity and understandability.
CHANGE:	R18-5-116 - New Section.
REASON:	Created from other parts of the rulemaking, primarily R18-5-104, this Section groups in one Section the elements of facility regrading; the applicable appeals process is specified as well.

The specific changes referenced above are not a complete list of changes between the proposed and final rules; however, the Department has listed all significant changes.

11. A summary of the principal comments and the agency responses to them:

Both written and oral comments were received during the public notice period from July 21, 2000 through October 4, 2000. Below is a listing of the comments (listed as “issues”), an analysis of the comments, and the Department’s response to the comments, organized numerically by the Section number the comments concern; the Section numbers refer to the current location of the rule text being commented upon.

1. ISSUE: R18-5-103. Certification Committee. - 1.) This Section calls for the establishment of a Certification Committee. What will be the status of the current Certification Committee after the Rule is promulgated? 2.) What happens if the status (employment, operator grade, etc.) changes for a committee member during the time he/she is serving, and do not meet the requirements in the proposed rule?

ANALYSIS: Since the new rules have changed significantly the Department believes that a new committee should be appointed when the proposed rule becomes effective. If the status (employment, operator grade, etc.) changes for a committee member during the time the committee member is serving, and the member does not meet the requirements in the proposed rule, the member will be removed for cause as specified in R18-5-103(G).

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RESPONSE: Add the following language to beginning of R18-5-103(A): "Upon the effective date of this rule"

2. ISSUE: R18-5-103(F). Certification Committee. - As the proposed rule is written now, five of 11 committee members constitutes a quorum. The quorum is, of course, what you want to define it as, but if you want it to be the majority of the committee, then this should be changed to a total of 6 members.

ANALYSIS: The Department believes that having a meeting with less than the majority is better than no meeting at all. In addition, topics discussed in a meeting will not be final; rather, they will be recommendations that the Department will consider and act upon as appropriate.

RESPONSE: No change to the rule.

3. ISSUE: R18-5-104(E)(7) - Monthly inspections may not be adequate for a system that employs disinfection or other treatment. To insure proper functioning of a treatment device, an operator may need to inspect a facility frequently and monitoring may need to be increased beyond the minimum required by the Safe Drinking Water Rule. For example, the revised rule allows a minimum of one monthly inspection for a Grade 2 water system. Such a system may employ disinfection, activated alumina, and ion exchange softening. Due to changes in water quality regulations, we anticipate more treatment applications for public water systems of all sizes, making the availability of the system operator even more critical.

ANALYSIS: The language of R18-5-104(E)(6) requires that facilities be operated in compliance with all applicable state rules and federal regulations, and (E)(7) requires that remote operators personally inspect facilities as often as necessary to assure proper operation and maintenance. The monthly visit requirement is a minimum standard. It is up to the facility owner and the remote operator to determine if more frequent visits are necessary.

RESPONSE: No change to the rule.

4. ISSUE: R18-5-104(A)(5) - According to baseline standard #2 of the federal guidelines, the operator in responsible charge of a facility must hold a valid certification equal to or greater than the classification of the facility. However, Arizona's proposed rule allows an operator certified at a grade lower than the facility to be in charge of that facility in the absence of the "principal" certified operator. The term "principal operator" is not defined; if it is the same as certified "operator in responsible charge", then that term should be used instead.

ANALYSIS: The Department agrees with the commentor; the language is not clear.

RESPONSE: Clarify the applicable language. The Section now requires facility owners to ensure that "in the absence of the operator in direct responsible charge, the operator in charge of the facility is certified for the applicable class of facility and at a grade no lower than one grade below the grade of the facility".

5. ISSUE: R18-5-104(B) - According to baseline standard #2 of the federal guidelines, a designated operator must be available for each operating shift. The State rule does not contain this requirement. I realize that it is difficult to define the term "operating shift" because it would differ not only between system types but between individual systems themselves. But, I think the following language in your rule gives you a way you could define "operating shift": "No person shall make a decision about process control or system integrity regarding water quality or water quantity that affects public health, unless that person is a certified operator." Maybe the operating shift could be defined as any time a decision must be made about process control or system integrity regarding water quality or water quantity that affects public health.

ANALYSIS: The Department agrees that the facility shall be under the direct responsible charge of an operator certified at the grade of the facility at all times. The text of the proposed rule allows the operator in direct responsible charge of a facility to return home daily after his or her shift or take a vacation while still being available by phone, pager, or other means.

RESPONSE: The Department shall add the words "at all times" to R18-5-104(A). Subsection (A)(2) requires the owner of a facility to ensure that at all times, "the operator in direct responsible charge of a facility is certified for the class of the facility for which the operator works, and at or above the grade of the facility for which the operator works".

6. ISSUE: R18-5-104(C) - This subsection in the proposed rule states: "The facility owner shall ensure that the name of the current certified operator is on file at all times with the Department and that no person who replaces a certified operator begins operation of a facility prior to being certified." The rule does not specify the grade of the replacement operator or indicate if the replacement operator shall be of the facility grade or lower. If the replacement operator can be one grade less than the facility grade, for how long can such a person operate the facility until the proper grade operator is hired or the replacement operator is certified at the proper grade?

ANALYSIS: R18-5-104 was reorganized. There is no grace period for the replacement of the operator in direct responsible charge.

RESPONSE: R18-5-104 was reorganized and reworded in such a manner as to clarify that there must be a properly certified operator for all facilities at all times; see subsection (A)(4).

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7. **ISSUE:** R18-5-104 - ADEQ should require certified operators to submit registration documents to the Department on a case-by-case basis, so that whenever a certified operator takes on another remote system, a simple form can be filled out and signed by both the operator and owner of the water system.

ANALYSIS: R18-5-104(A)(6) requires that a facility owner maintain the names of all current operators and keep them on file at all times with the Department. Subsection (A)(4) states that an operator who replaces a certified operator can not begin operation of a facility prior to being certified at the class and grade of the facility, and subsection (C) states that the owner must notify the Department within ten days of the replacement (and within ten days of the date a certified operator ceases operation of a facility, and within ten days after commencing operation of another facility.)

RESPONSE: No change to the rule.

8. **ISSUE:** R18-5-116(B)(1) - Change to read "...make it more or less difficult to operate..." This change makes it clear that the Department may reclassify a system downwards as well as upwards if a certain type of treatment device or method simplifies or makes for safer system operation.

ANALYSIS: The intent of R18-5-116(B) is for the Department to make changes in grade (formerly referred to as classification) changes in cases where new technologies are used or health issues require a higher classification. All other changes in the grading of facilities are determined by the population served, millions of gallons of water distributed per day, and the type(s) of treatment employed. For example, a change in treatment type or population could result in a water system classification being downgraded.

RESPONSE: No change to the rule.

9. **ISSUE:** R18-5-104(A)(3) and R18-5-104(E) - The rule as written may allow an operator to acquire more systems than he or she can give adequate attention. A limit on the number of systems or total number of system classification points assigned to each operator is needed and would alleviate potential problems. An operator could then apply for approval from the certification committee to accept more systems based on the compliance of the systems already under his or her control.

ANALYSIS: It is not the responsibility of the Certification Committee or the Department to determine which individuals are qualified to be a remote operator for a large number of systems. Limiting the number of systems that a remote operator may be responsible for could restrict an operator's ability to make a living and could leave a public water system without a certified operator. The compliance history and selection of a competent operator is the obligation of the public water system (employer). Additionally, the Department has the ability to revoke operator certificates when an operator fails to comply with the drinking water rules.

RESPONSE: No change to the rule.

10. **ISSUE:** R18-5-104(E) - At a minimum remote operators should be certified as Grade 2 operators.

ANALYSIS: The Department disagrees with the commentor's suggestion. To limit remote operators to a minimum of a Grade 2 operator could result in diminished technical capacity for many public water systems. It could also result in a negative economic impact on the public water system, the public water system's customers and Grade 1 operators making a living as remote operators. This is not the intent of the proposed rule. Many remote facilities are classified as Grade 1, and requiring a higher level operator would not benefit the public.

RESPONSE: No change to the rule.

11. **ISSUE:** R18-5-104(F) - Remote operators should be allowed to handle up to Grade 3 systems as long as an on-site operator works under the Grade 3 certified operator.

ANALYSIS: Remote operators are allowed to operate any facility of the class and grade (or lower grade) for which they are certified; see analysis in preceding issue.

RESPONSE: No changes to the rule.

12. **ISSUE:** R18-5-104(F) - ADEQ should require an on-site log book to record the monthly visits by the operator. This record should be placed in a file and kept for a minimum of three years and be made available to ADEQ upon request.

ANALYSIS: R18-5-104(E)(6) requires remote operators to ensure that each facility operated by the remote operator is operated in compliance with all applicable state rules and federal regulations. The Department believes that this decision and the manner in which the records are kept is best made by the public water system.

RESPONSE: No change to the rule.

13. ISSUE: R18-5-104(E) - The existing rule, as written, allows ALL grades of facilities to be operated by a remote operator as long as each facility has an on-site operator who is certified at no lower than one grade below the grade of the facility. This Section goes on to describe requirements for remote operators including, but not limited to, those related to instructing on-site representatives regarding proper facility operation and a requirement that remote operators must be located within three hours travel time from the facility. Nowhere in the existing rule is there a requirement that a Grade 3 or Grade 4 facility must, with no exception, have an on-site operator certified at or above the grade of the facility on a daily basis. The provision allowing for remote operators has historically provided Tempe with the flexibility to staff our facilities as efficiently as possible, while maintaining accountability for proper facility operation. The changes to Section 104.F clearly remove the allowance for remote operators for Grade 3 and 4 facilities. The removal of this allowance will have a significant impact on the staffing practices for all Grade 3 and 4 facilities. Tempe currently provides remote Grade 4 operators for all of its facilities on all days when Grade 4 operators are not on-site, but many of the City's facilities are automated such that daily visits from Grade 4 operators would be a poor allocation of staff time, and simply unnecessary. Consistent with our interpretation of the existing requirements on subsection 104(F), Tempe has on-site operators with at least Grade 3 certification at all of our Grade 4 facilities on a daily basis. Tempe's Water Management Division, at the advice of our City Attorney's Office, disagrees with ADEQ's interpretation that the remote operator allowance in subsection 104(F) does not currently apply to Grade 3 and 4 facilities. Tempe strongly urges ADEQ to consider the following suggestions prior to promulgating the final rule:

- ADEQ should conduct a thorough review of the proposed rule language with ADEQ staff, management and attorneys present in order to determine whether the proposed language accurately reflects ADEQ's intended requirements, particularly in Section R18-5-104(F).
- Tempe urges ADEQ to maintain the "remote operator" allowance for Grade 3 and 4 facilities in the new rule package in order to provide Grade 3 and 4 facilities with staffing flexibility, while maintaining accountability. This is particularly true for collection and distribution systems, "daily visits" to which would be hard to define.

ANALYSIS: The Department agrees with the concept of this comment, however the Department does not agree that Grades 3 and 4 facilities can be operated by a remote operator; rather, Grades 3 and 4 facilities are to be operated by on-site operators. Under this rulemaking, Grades 3 and 4 facilities are required to have an operator in direct responsible charge who is certified at the grade of the facility. In the absence of the operator in direct responsible charge, the operator in charge of the facility must be no less than one grade lower than the facility.

RESPONSE: The Department believes that to better clarify the intent of the proposed rule, R18-5-104(E) now states, "A facility owner shall ensure that a Grade 3 or Grade 4 facility has an on-site operator." Delete: "... certified at the grade of the facility."

14. ISSUE: R18-5-104(E) - This Section should be strengthened by clarifying that a remote certified operator for Grade 1 and Grade 2 facilities must be available "for each operating shift". This could easily be done by including language similar to that of (E)(8)(a) regarding the availability of a substitute certified operator for a Grade 1 distribution system operator if the usual remote certified operator is unavailable.

ANALYSIS: The Department agrees with the commentor.

RESPONSE: Add the following language to R18-5-104(E)(4) as follows: "If the remote operator is not available for any reason, the remote operator shall provide the on-site representative with the name and telephone number of a qualified substitute operator."

15. ISSUE: R18-5-104(E)(5) - Delete 200 miles by ground travel and retain three hour travel time. Changing this rule precludes other modes of travel (air) for more remote systems. This time/distance emergency response requirements is arbitrary in any event especially when an on-site representative is available. The usual response to major operational problems for transient systems at the rest areas is to shut it down until an electrician/plumber can respond. Water quantity problems are handled by direction to the on-site representative from the remote operator by phone immediately after the problem is discovered. In this day and age of rapid communication (cell phones, pagers, and E-mail) I believe these values to be overly restrictive.

ANALYSIS: The three-hour time limit in the current rule may restrict a remote operator's ability to serve certain public water systems due to circumstances beyond their control when traveling by car (e.g., weather conditions or highway construction). The change to 200 ground miles removes this restriction allowing an operator more flexibility. For public water systems that have multiple 'facilities' located across the state, the rule allows the operator in direct responsible charge to supervise on-site operators who are certified at no less than one grade lower than the grade of the facility. The Department believes this provision in the proposed rule gives public water system a large amount of operational flexibility while still insuring that safe drinking water is being served by a properly trained and certified operator.

RESPONSE: No change to the rule.

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16. **ISSUE:** R18-5-104(E)(7) - For very, very small systems and transient non-community systems with on-site representatives there is no good reason to require monthly or weekly visits for either water systems or wastewater lagoons (whether they have aeration or not). I suggest that systems with on-site representatives be allowed quarterly visitation/inspection schedules by the remote operator. Most of these types of systems (ours) are automatically controlled ground water systems with no treatment. Most problems are operational and called in by on-site representatives who usually can be talked through the problem over the phone. Excessive visitation is useless and inflationary. Small private systems have a very hard time affording regulation such as these.

ANALYSIS: The EPA guidelines prohibit the changes in this rulemaking from being less restrictive than the current rule (backsliding). Once a month, site visits will serve to control the number of systems an operator can effectively operate. Also, while automated systems provide ease of operation, monthly visits provide a system inspection to prevent problems before they occur. In addition, the Department has not made any additions or corrections to the wastewater portions of the proposed rule.

RESPONSE: No change to the rule.

17. **ISSUE:** R18-5-106 - According to baseline standard #3 of the federal guidelines, all examination questions must be validated. The State's rule does not contain this requirement so it is something that must be taken up by the Certification Committee and put into practice through policy/procedures and any third party provider contract. (EPA may issue guidance regarding examination validation in the future). Also, R18-5-106(D) of the existing rule has been deleted in the proposed rule. This Section deals with maintaining examination integrity. To eliminate it completely would be considered "backsliding", so it also is something that must be taken up by the Certification Committee and put into practice through policy/procedures and any third party contract. The Certification Committee's procedures and policies, etc. with respect to examination development and administration should be submitted as part of the primacy package.

ANALYSIS: The Department agrees with the commentor.

RESPONSE: The Department agrees that it should maintain control over examination contents. The definition of "validated examinations" has been added to the definitions Section, and a requirement for Department validation has been added to R18-5-106(B).

18. **ISSUE:** R18-5-106 - Recommend that ADEQ be responsible for the development and writing of certification examinations, with assistance from operators in Distribution, Water Treatment, Wastewater Collection and Wastewater Treatment this would maintain standards and preserve integrity.

ANALYSIS: The Department agrees with the commentor. The proposed rule requires entities that wish to become examiners to enter into an agreement with ADEQ whereby the entities will have their examination programs, including examinations, validated by the Department.

RESPONSE: No change to the rule.

19. **ISSUE:** R18-5-107(B) - I feel that the 30 professional development hours is excessive and may be a financial burden to the small systems. For the operator of a small system to gain the education to meet this requirement would most likely mean out-of-town trips including costs for rooms, meals, travel, etc. I also feel that after a period of time there could be a lack of freshness in the training. In addition, this requirement is too narrow in what is approved training. Latitude should be given to different types of continuing education.

ANALYSIS: Professional development hours are mandated by the EPA to be included in a state's proposed rule. The number of professional development hours per certification period is at the state's discretion and was developed in conjunction with the stakeholders. Furthermore, it is not the responsibility of the public water system to provide professional development hours for the certified operator. This rulemaking places the responsibility on the operator to comply with the requirements for certificate renewal. The Department believes that the definition of a professional development hour provides latitude for different types of training to be used in an operator's professional development. For example, an operator may acquire professional development hours by visiting another public water system and having that system's operator describe or train the visiting operator in differing operational practices. This is an example of the rule fostering the sharing of information and recognizing that this activity is a meaningful training experience. If there is any doubt whether a certain type of training or class is appropriate for certificate renewal, a determination will be made by the Operator Certification Program Coordinator. In addition, the EPA is in the process of establishing a reimbursement process for small system operators.

RESPONSE: No change to the rule.

20. **ISSUE:** R18-5-107(C) - I totally disagree that the operator needs to take and pass the examination again in lieu of PDHs. After a period of time I am sure that an operator would have answers memorized, especially in the lower grade examinations.

ANALYSIS: For certified operators who are opposed to the concept of continuing education, the rule will allow an operator the option of retesting for the same or higher grade (if qualified) in lieu of professional development hours. The Department is aware of the shortcomings under the existing program regarding examination questions. The proposed rule allows the Department to contract with individual entities. The contract will include provisions for rotating examination questions; this will be part of the validation process under R18-5-106(B).

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RESPONSE: No change to the rule.

21. ISSUE: R18-5-110 - The Department may issue a certificate to an applicant who holds a valid certificate issued under laws of any other state, territory, the District of Columbia, tribal government, federal entity or foreign country, if the out-of-state applicant has passed an examination...? Delete the term "out-of-state"; this language might exclude Arizona tribal members from reciprocity. For example, an applicant who may be certified by an Arizona tribe, is not considered an out-of-state applicant. Current language only specifies out-of-state applicants.

ANALYSIS: The Department agrees with the commentor.

RESPONSE: Delete the term "out-of-state" from R18-5-110.

22. ISSUE: R18-5-112 - The proposed rule for Grades 2, 3, and 4 require some amount of experience as an operator at the lessor grade before being allowed to test for the higher grade. We currently have two operators who are in management positions yet neither have an operator certificate from ADEQ.

ANALYSIS: This comment appears to concern managers who are not certified operators. Managers do not need to be certified as operators, as long as they are not on the floor pushing buttons and turning valves. If they are on the floor turning valves, etc., then they must be certified as operators, regardless of the amount of their experience. However, a person does not need operating experience at a lessor grade before testing for a higher grade; a combination of experience, education and training may replace experience in a lower grade. All systems must have an operator in direct responsible charge certified at the grade of the facility. This does not prevent a facility from hiring a person who is not certified and assisting that person in obtaining certification. In this example, the managers would need to obtain certification before they could perform the duties of an operator.

RESPONSE: The text of R18-5-112 has been amended to clarify the language concerning the education and training required before taking examinations for the different grades of certification.

23. ISSUE: R18-5-112 - The city of Phoenix is going through a "re-engineering" process by expanding responsibilities of some operations staff to include maintenance as well as operation of its facilities. Would a city's operation and maintenance technician qualify for certification under this definition? Would the city of Phoenix maintenance staff be credited for their maintenance experience towards their certification?

ANALYSIS: The requirements to become a certified operator are described in R18-5-104 and R18-5-112. R18-5-112(A) states that the Department will consider the following criteria in determining whether to certify an applicant: years of experience at a lower grade, qualifying experience in the same or a related field, and education in a qualifying discipline. The specific requirements for the various grades of certification are specified in R18-5-112(D). If an operation and maintenance technician has the requisite qualifications, they will be qualified to sit for the exam, and prior maintenance experience will be considered to be qualifying experience if it is work-related.

RESPONSE: The text of R18-5-112 was amended to clarify the certification criteria considered by the Department.

24. ISSUE: R18-5-112(D)(1) - Total experience does not indicate whether experience is required for eligibility for the certification for Grade 1.

ANALYSIS: Prior experience is not required to take a Grade 1 examination. Ninety percent of Grade 1 facilities are located in rural areas. Because of this, requiring prior experience before allowing a person to take a Grade 1 examination could put many of these systems out of compliance by not having a certified operator. Despite the absence of experience, a Grade 1 operator still must demonstrate competency through the passing of an examination.

RESPONSE: No change to the rule.

25. ISSUE: R18-5-112 - For professionals that are currently working for water and wastewater systems but have not been required to be certified, will they have to start their certification at Grade 1 or can they be certified at a higher grade without going through lower grades?

ANALYSIS: Applicants with adequate education and experience can be certified at any grade without prior experience working in a lower grade. See also the analysis in issues 22 through 24.

RESPONSE: The text of R18-5-112 was amended to clarify the flexible nature of the requirements to sit for an exam.

26. ISSUE: R18-5-112(E)(1) - I thought the stakeholders agreed on some form of alternative education or training should be indicated in the regulations for persons who did not have either a high school diploma or a G.E.D. The proposed rule does not appear to address this situation which is prevalent along the U.S.-Mexico border and rural areas. The problem is that the word "equivalent" is not defined. As written, it appears to be exclusionary in concept.

ANALYSIS: The Department does not wish to exclude other types of equivalent education by limiting this qualification to a high school diploma or G.E.D. and does not believe that the proposed rule as written does that.

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RESPONSE: No change to the rule.

27. ISSUE: R18-5-114 - Delete "aerated lagoon" from subsection (1) and add to subsection (2). I do not believe that installing a floating aerator in a sewage lagoon constitutes an advanced treatment requiring a classification of Grade 2. For the most part, our ponds don't even need extra oxygen at the remote and windy sites where they are located. The main purpose of these types of aerators are for evaporation. All they are is a fine spray fountain to get rid of the liquid not treatment. Reclassify to Grade 1. If on-site representatives are present the remote operator should be allowed quarterly inspections.

ANALYSIS: During this rulemaking, the Department has stated to the stakeholders that it is only making substantive changes to the drinking water parts of 18 A.A.C. 5, Article 1. The only changes to the wastewater Sections were nonsubstantive amendments, to conform the Sections to modern rulemaking format and style. Since no additions or corrections were made to the wastewater portions of the rule, the comment is not relevant.

RESPONSE: No change to the rule.

28. ISSUE: R18-5-115 - I believe several of the treatment processes are given more point values than are logically needed. I find no allowance for the voluntary use of unneeded treatment when the source water meets all minimum water quality standards. The rule discourages a small system from improving the palatability of a water because of additional requirements placed on the system. There should be a waiver or exclusion included in the rule addressing this. Our Fe/Mn removal unit is fully automated. If a malfunction occurs this unit is bypassed. The point value should be changed from 8 points to 2 points. Ion exchange softening is nothing more than a household water softener and should be changed from 10 points to 2 points. Our membrane filtration is a reverse osmosis unit used for water softening. If a malfunction occurs this unit is bypassed. The value for this technology should be changed from 15 points to 4 points. None of these units is required however the use of them under the proposed rule would dramatically increase the cost to operate the water system.

ANALYSIS: The assigned points for a specific treatment were agreed to by consensus between the Department and the stakeholders. The stake holders are represented by operators of systems of all sizes and types including systems operated by a remote operator. Even with an automated system there are failures that may occur which could result in treatment breakthroughs resulting in potential public health threats. Despite these treatment technologies being optional, a properly certified operator is necessary for adequate public health protection due to the potential risk.

RESPONSE: No change to the rule.

29. ISSUE: R18-5-115 - ADEQ should require that only a certified operator collect compliance samples/conduct compliance monitoring.

ANALYSIS: The Department disagrees with the commentor's suggestion. R18-4-106 through R18-4-108 govern the use of approved analytical methods, use of licensed laboratories, and sample collection, preservation, and transportation. The Department believes that this type of skill and knowledge is not exclusive to certified operators but available to all owners, operators, employees, agents or other representatives of a public water system. To limit this task to certified operators could result in a public water system being out of compliance because the services of certified operator were not available at the sampling deadline. It could also result in a negative economic impact on the public water system and its customers.

RESPONSE: No change to the rule.

30. ISSUE: R18-5-115 - It appears that the proposed rule would require a water distribution system that has a pressure tank, or booster pump/station to be classified as a Grade 2 system. Is this correct?

ANALYSIS: Yes. The stakeholders determined that a Grade 1 Distribution classification should be reserved for small systems with the following criteria: serve less than 500 persons, groundwater only, disinfection by chlorine gas or hypochlorite only, storage tanks. The stakeholders believe that pressure tanks and booster pumps are technologies that merit a Grade 2 classification.

RESPONSE: No change to the rule.

31. ISSUE: R18-5-115 - The system characteristics table should include "administration" as a criteria.

ANALYSIS: Administration of the public water system is the responsibility of the system owner.

RESPONSE: No change to the rule.

32. ISSUE: R18-5-115(A) - I don't have any specific recommendations on your point system, but I ask some questions to prompt clarification: 1.) Does O2 mean aeration or any other oxidation process or either? 2.) Does granular media filter include adsorption media such as GAC or granular ferric media? (If not, then adsorption media should be included.) 3.) If a system accumulates points for taste and odor control, do they also accumulate points for the chemical or treatment used for taste and odor (e.g. chlorination, ozone, permanganate, GAC)? Also, there appears to be "backsliding" in the way some systems are classified. For example, a small system doing iron and manganese removal used to be required to have a Grade 2 certification. Now it will only need a Grade 1. The State will need to provide a justification of the changes before we can approve them; be sure to refer to the public health objectives of the guidelines when providing your justification.

ANALYSIS: 1.) The reference to O2 is a typographical error. The entry should be CO2. 2.) Granular media filter means ALL granular media filter including GAC and granular ferric media. 3.) A public water system is only scored points for the specific treatment technology. The scoring of the treatment is independent of what a treatment actually does to the water and is commensurate with the added public health risk those treatments add or may add (e.g., softening versus taste and odor). The Department disagrees with the commentor's statement "there appears to be 'backsliding' in the way some systems are classified." The proposed rule takes into account 27 different types of water treatment versus 8 treatment types under the existing rule which will create the need for additional Grade 2 operators. (More treatment types for Grade 1 then more stringent Grade 1 examination.)

RESPONSE: R18-5-115(A), Plant Characteristics table: change "O2" to "CO2" (now appears as "carbon dioxide.")

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

13. Incorporations by reference and their location in the rules:

Not applicable

14. Was this rule previously adopted as an emergency rule?

No

15. The full text of the rules follows:

TITLE 18. ENVIRONMENTAL QUALITY

**CHAPTER 5. DEPARTMENT OF ENVIRONMENTAL QUALITY
ENVIRONMENTAL REVIEWS AND CERTIFICATION**

ARTICLE 1. CLASSIFICATION OF TREATMENT PLANTS AND CERTIFICATION OF OPERATORS

- R18-5-101. Definitions
R18-5-102. ~~Exemptions~~ Applicability
R18-5-103. Certification Committee
R18-5-104. General Requirements
R18-5-105. Certification
R18-5-106. Examinations
R18-5-107. ~~Renewal of Certificates~~ Certificate Renewal
R18-5-108. ~~Lapsed Certificates~~ Certificate Expiration
R18-5-109. Denial and Revocation
R18-5-110. Reciprocity
~~R18-5-111. Certification without Examination~~ Repealed
R18-5-112. Experience and Education
R18-5-113. ~~Fees~~ Classes of Facilities
R18-5-114. ~~Classification~~ Grades of Wastewater Treatment Plants and Collection Systems
R18-5-115. ~~Classification~~ Grades of Water Treatment Plants and Distribution Systems
R18-5-116. Initial Grading and Regrading of Facilities

ARTICLE 1. CLASSIFICATION OF TREATMENT PLANTS AND CERTIFICATION OF OPERATORS

R18-5-101. Definitions

~~In this article unless the context otherwise requires~~ The terms in this Article have the following meanings:

1. "Certified operator" or "operator" means an ~~operator~~ individual who holds a current certificate issued by the Department of Environmental Quality in the field of water ~~treatment~~, or wastewater treatment, water distribution, or wastewater collection, and is responsible for the daily on-site operation or the remote operation from a central location of all or a part of a facility.

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2. "Collection system" means ~~pipelines or conduits, pumping stations, force mains, and all other devices, appurtenances and facilities~~ a pipeline or conduit, a pumping station, a force main, or any other device or appurtenance used for collecting and conducting to collect and conduct wastewater to a central point for treatment and disposal.
3. "Department" means the Department of Environmental Quality or its designated representative.
4. "Director" means the Director of the Department of Environmental Quality or ~~his~~ the Director's designated representative.
5. "Direct responsible charge" means day-to-day decision-making responsibility for a ~~water or wastewater treatment plant, collection system, or distribution system, facility~~ or a major portion of ~~such~~ a facility.
6. "Distribution system" means ~~the pipelines, appurtenances, devices and facilities~~ a pipeline, appurtenance, or device of a public water system ~~which conduct~~ that conducts water from a water source or treatment plant to consumers for ~~ultimate~~ domestic or potable use.
7. "Facility" means a water treatment plant, wastewater treatment plant, distribution system, or collection system.
8. "Industrial waste" means the liquid, gaseous, or solid waste produced ~~as a result of any~~ at an industrial operation.
9. "On-site operator" means an operator who visits a facility at least daily, ~~for the purpose of ensuring~~ to ensure that it is operating properly.
"On-site representative" means a person located at a facility who monitors the daily operation at the facility and maintains contact with the remote operator regarding the facility.
10. "Operational experience" means skill or knowledge obtained ~~by full or part-time~~ through employment in a position that includes responsibility for the operational control of all or part of a facility, or portion thereof.
11. "Operator" ~~has the same meaning as certified operator, defined in this Section.~~ means a person who is responsible for the actual day-to-day operation of a facility or a portion thereof. This includes the operator of a remote control system in which the operator is in direct control of the entire system or a portion thereof from a central location. It also includes the chief operator who supervises the operation of the facility. The term operator includes both on-site and remote operators, as defined in this Article.
"PDH" means professional development hour.
12. "Population equivalent" means the population ~~which~~ that would contribute an equal amount of biochemical oxygen demand (BOD) computed on the basis of 0.17 pounds of five-day, 20-degree centigrade BOD per capita per day.
"Professional development hour" means one hour of participation in an organized educational activity related to engineering, biological or chemical sciences, a closely related technical or scientific discipline, or operations management.
13. "Public water system" has the ~~same~~ same meaning ~~ascribed to it prescribed in A.A.C. R18-4-101(72); A.R.S. § 49-352.~~
"Qualifying discipline" means engineering, biology, chemistry, or a closely related technical or scientific discipline.
14. "Qualifying experience" ~~shall be considered as the total of~~ means operational experience, related experience, and supervisory experience ~~calculated on a monthly basis.~~
15. "Related experience" means ~~that~~ the skill or knowledge obtained in employment ~~which~~ that can be applied directly in the operation of a facility. ~~Related experience does not include such activities as bookkeeping or handling personnel matters.~~
16. "Remote operator" means an operator who is not an on-site operator.
17. "Semipublic water system" is defined in A.A.C. R18-4-101(79).
18. "Significant modification" means any alteration or expansion of a facility ~~sufficient to require submission to the Department of plans for construction under the rules existing at the time of modification. It does not include routine maintenance or replacement of a portion of a facility to improve the quality or reliability of service. It does include any change of process of water or wastewater treatment.~~
19. "Supervisory experience" means skill or knowledge obtained by employment ~~which~~ that includes responsible, technical, and operational direction of a facility or a portion ~~thereof~~ of a facility.
"Validated examination" means an examination that is approved by the Department after being reviewed to ensure that the examination is based on the class and grade of a system or facility.
20. "Wastewater" means sewage, industrial waste, and all other waterborne ~~wastes~~ waste ~~which~~ that may pollute ~~or tend to pollute~~ any lands or waters of the state.
21. "Wastewater treatment plant" means ~~processes, devices and structures~~ a process, device, or structure used ~~for the purpose of treating or stabilizing~~ to treat or stabilize wastewater or industrial waste and ~~disposing~~ dispose of the effluent.
22. "Water treatment plant" means ~~processes, devices and structures~~ which are a process, device, or structure used to improve the physical, chemical, or biological quality of ~~the water of~~ in a public water system.

R18-5-102. Exemptions Applicability

- A.** The rules in this Article apply to owners and operators of facilities in Arizona.
B. Owners of the The following facilities are exempt from the requirements of this Article:
1. Private or semipublic water systems.

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2. ~~Facilities described in A.A.C. R18-4-102(C). These are water systems which consist only of distribution and storage, obtain all water through closed conduit from systems governed by these rules but are not owned or operated by water systems to which these rules apply, do not sell water to any person, and are not carriers which convey passengers in interstate commerce.~~
1. A public water system that meets the criteria in R18-4-102(C).
32. ~~Septic tanks and collection systems discharging to septic tanks~~ A septic tank or collection system that discharges to a septic tank.
43. ~~Any collection system serving a population of fewer than 2500 persons which discharges into a facility which~~ A collection system that serves 2,500 or fewer persons and discharges into a facility that is operated by a certified operator.
54. ~~Any collection system serving a nonresident population and discharging~~ A collection system that serves a nonresident population and discharges into a collection system operated by a certified operator.
65. ~~Irrigation systems~~ An irrigation system, an industrial water facilities facility, or a similar facilities facility in which water is not used for domestic or drinking purposes.
76. ~~Irrigation~~ An irrigation or industrial wastewater facilities facility used to treat, recycle, or impound industrial or agricultural wastes within the boundaries of the industrial or agricultural property.
87. ~~Industrial~~ An industrial waste pretreatment facilities facility in which treated wastewater is released to a collection system or wastewater treatment plant which that is regulated by this Article.
98. ~~Facilities~~ A facility for treating industrial wastes which that are not treatable by biological means.
109. ~~Facilities~~ A facility used to impound surface water before such waters are the water is conducted to a water treatment plant.
110. ~~Wastewater~~ A wastewater treatment devices device serving individual homes that serves a home.

R18-5-103. Certification Committee

- A. Upon the effective date of this rule, the Director shall establish a ~~A certification committee shall be established by the Department to make recommendations and to provide the Department with technical advice and assistance related to this Article as may be when requested.~~
- B. The certification committee shall consist of ~~nine~~ 11 members as follows:
 1. One employee of the Department;
 2. One currently employed wastewater treatment plant operator with Grade 4 certification;
 3. One currently employed water treatment plant operator with Grade 4 certification;
 4. One currently employed wastewater collection system operator with Grade 4 certification; ~~Any person appointed to this position after July 1, 1990, shall have Grade 4 collection.~~
 5. One currently employed water distribution system operator with Grade 4 certification; ~~Any person appointed to this position after July 1, 1990, shall have Grade 4 distribution system certification.~~
 6. One faculty member teaching sanitary sciences at an Arizona university or community college;
 7. One professional engineer, registered and residing in Arizona, engaged in consulting in the field of sanitary engineering;
 8. One elected or appointed municipal official;
 9. One representative of an ~~investor owned~~ investor-owned water or wastewater facility;
 10. One representative of a small public water system; and
 11. One currently employed remote operator representative.
- C. The Director shall appoint ~~all each~~ certification committee ~~members~~ member.
- D. The certification committee shall meet at least twice a year. At the first meeting of each calendar year, the ~~Committee certification committee~~ shall select, from its membership, a ~~chairman~~ chairperson and ~~such~~ other officers as ~~deemed~~ necessary. The ~~member of the Department~~ Department's certification committee member shall be is the executive secretary, ~~who and shall keep is responsible for keeping records of all meetings.~~
- E. The terms of the certification committee are subject to the following: term of a certification committee member is three years.
 1. ~~The terms of the members who were appointed pursuant to subsections (B)(2), (7), and (8) shall expire on December 31, 1987; the terms of the members appointed pursuant to subsections (B)(3), (4), and (9) shall expire on December 31, 1988; and the terms of members appointed pursuant to subsections (B)(5), and (6) shall expire on December 31, 1989.~~
 2. ~~The terms of the members appointed to the certification committee after the expiration of the terms described in subsection (E) shall be three years.~~
- F. A meeting quorum shall consist consists of the chairman or his chairperson or the chairperson's designated representative, the executive secretary or his the executive secretary's designated representative, and three other members of the committee at any meeting.
- G. In the event of a vacancy caused by death, resignation, or removal for cause, the Director shall appoint a successor for the unexpired term.

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- H. ~~Certification~~ A certification committee members member may be reappointed, but ~~no a member may~~ shall not serve more than three consecutive terms.

R18-5-104. General Requirements

~~A.~~ There are four types of facilities. They are:

1. ~~Water treatment plants;~~
2. ~~Distribution systems;~~
3. ~~Wastewater treatment plants, and~~
4. ~~Collection systems.~~

All facilities shall be classified according to type of facility population or population equivalent served and by complexity of treatment as described in these rules.

~~BA.~~ The A facility owner or the purveyor of services shall utilize the services of a certified operator of the required classification for each facility for the purpose of assuring that the facility is operating properly. shall ensure that at all times:

1. Only a certified operator can make a decision about process control or system integrity regarding water quality or water quantity that affects public health; however, an administrator who is not a certified operator can make a planning decision regarding water quality or water quantity as long as the decision is not a direct operational process control or system integrity decision that affects public health.
2. The operator in direct responsible charge of the facility is certified for the class of facility at which the operator works, and at or above the grade of the facility for which the operator works;
3. An operator who is in direct responsible charge of more than one facility is certified at or above the grade of the facility with the highest grade;
4. An operator who replaces the operator in direct responsible charge does not begin operation of the facility before being certified for the applicable class and grade of the facility;
5. In the absence of the operator in direct responsible charge, the operator in charge of the facility is certified for the applicable class of facility and at a grade no lower than one grade below the grade of the facility; and
6. The names of all current operators are on file with the Department.

The certified operator shall have direct responsible charge of the operation of the treatment plant, or the collection or distribution system. Any owner or purveyor who meets the requirements for certification may become certified as operator of the facility for which he has direct responsible charge. The chief operator or superintendent in direct responsible charge shall be certified at the grade of the facility. Shift foremen or other operators in charge of the facility in the absence of the chief operator or superintendent shall be certified at a grade no lower than one grade below the grade of the facility.

~~CB.~~ It is the facility owner's responsibility to ensure that the name of the required certified operator is on file at all times with the Department. If the owner of a facility replaces a designated operator with another operator, the new operator shall be properly certified at the time he begins operation of the facility. The facility owner shall notify the Department in writing within ten days of the replacement.

~~C.~~ The certified operator shall notify the Department in writing within ten days of the date he the operator either ceases operation of a facility and within ten days after he commences or commences operation of any other another facility.

~~D.~~ There are four grades of classification with Grade 4 being the most complex. The Department may change the classification of a particular facility by reason of the incorporation in the facility of special features of design or characteristics more difficult to operate than usual, or by reason of water or wastewater unusually difficult to treat, or by reason of effluent reuse or other potential health factors. In multi-facility systems each facility shall be classified according to complexity and the total population or population equivalent served.

~~ED.~~ A person A facility owner shall ensure that an operator holding certification in a any particular class and grade is permitted to only operate all facilities in that particular operates a facility of the same class and the same or lower type and grade for which the operator is certified and any lower grade.

~~FE.~~ Except as provided in this subsection, each facility requires the services of an on-site operator certified at the grade of the facility A facility owner shall ensure that a Grade 3 or Grade 4 facility has an on-site operator. An operator holding certification in a particular class and grade may operate one or more Grade 1 or Grade 2 facilities as a remote operator under if the facility owner ensures that the following conditions: requirements are met:

1. The remote operator is certified at or above the class and grade of the each facility operated by the remote operator.
2. Each facility, except a Grade 1 facility, has an on-site operator certified at a level no lower than one 1 grade below the grade of the facility. A Grade 1 facility requires an on-site representative, who is not required to be certified. There is an on-site representative on the premises of each Grade 1 or Grade 2 facility, except for a Grade 1 water distribution system that serves fewer than 100 people, which is not required to have an on-site representative if the conditions of (E)(8) are met. The on-site representative is not required to be an operator if the facility has a remote operator who is certified at or above the grade of the facility.
3. The remote operator personally instructs the on-site operator or representative in proper operation and maintenance of each facility, provides him with providing written instructions, and assures ensuring that adequate records are kept.

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4. The remote operator provides the on-site ~~operator or~~ representative with a telephone number ~~or numbers~~ at which ~~he~~ the remote operator can be reached at all times. If the remote operator is not available for any reason, the remote operator shall provide the on-site representative with the name and telephone number of a qualified substitute operator.
5. The remote operator resides no more than ~~three hours travel time~~ 200 miles by ground travel from any facility ~~which he serves as remote operator~~ that the remote operator serves.
6. ~~Any facility operated by the~~ The remote operator is operated operates each facility in compliance with applicable state rules and federal regulations ~~laws~~.
7. The remote operator ~~personally~~ inspects a facility as often as necessary to assure proper operation and maintenance, but in no case less than ~~the following~~:
 - a. Monthly for a Grade 1 or Grade 2 water treatment plant or distribution system facilities consisting of that produces and distributes groundwater production and distribution with no treatment other than disinfection—monthly;
 - b. Grade 2 water facilities consisting of groundwater production and distribution and serving fewer than 1000 people—monthly.
 - eb. Monthly for a Grade 1 wastewater treatment plant plants—monthly;
 - dc. Twice a month for a Collection systems serving collection system that serves fewer than 2500 2,500 people—bimonthly; and
 - ed. Weekly for a Grade 2 wastewater treatment plants serving plant or collection system that serves less fewer than 1000 1,000 people—weekly.
8. ~~A remote operator may operate~~ For a Grade 1 water distribution system serving that does not have an on-site representative and serves fewer than 100 people, with no on-site representative under the following conditions are met:
 - a. The name of the certified operator and telephone number at which he the remote operator can be reached shall be is posted at the facility, enclosed with water bills, or otherwise made readily available to the water users. If the operator is to be absent for any reason such as illness or vacation, the name and telephone number of a substitute person shall be made available. If the remote operator is not available for any reason, the remote operator shall post at the facility the name and telephone number of a substitute operator of the applicable facility class and grade.
 - b. The remote operator or substitute operator shall be able to reach the site within two hours resides no more than 200 miles by ground travel from the facility in case of emergency; and
 - c. The facility shall be operated in compliance with State rules and federal regulations.
 - dc. The certified remote operator shall inspect inspects the facility weekly.
- G. The owner or the purveyor of services for any facility is in violation of this Section if the facility is operated in a manner which clearly violates the Department's rules for the protection of water quality and the environment.

R18-5-105. Certification

- A. ~~To be eligible for operator certification by the Department, each applicant shall:~~ The Department shall issue an operator certificate to an applicant if the applicant:
 1. ~~Submit an application obtained from the Department~~
 21. ~~Meet~~ Meets the experience and ~~educational~~ education requirements ~~set forth~~ in R18-5-112 for the applicable class and grade; and
 32. ~~Pass~~ Passes a written, validated examination for the applicable class and grade for which application was made.
 4. ~~Pay any fees required by R18-5-113.~~
- B. To apply for operator certification, an applicant shall submit or arrange to have submitted to the Department the following information, as applicable, in a format acceptable to the Department:
 1. The applicant's full name, social security number, and operator number;
 2. The applicant's current mailing address, home and work telephone numbers, fax number, and e-mail address;
 3. The applicant's place of employment, including the facility identification number;
 4. The class and grade of the facility where the applicant is employed;
 5. Proof of successful completion of the examination for the applicable class and grade; and
 6. Documentation of the applicant's experience and education required under R18-5-112.

R18-5-106. Examinations

- A. ~~The Department shall conduct~~ provide for examinations for certification of operators, ~~of water and wastewater treatment plants at least twice annually.~~ The Department may contract with third party examiners for administration of examinations, based on its assessment of the quality of the examination services. The Department shall ensure that a list of approved examiners is available upon request.
- B. By July 1, 1990, the Department shall begin conducting examinations for certification of operators of Grades 1, 2, 3, and 4 collection systems, as classified under R18-5-114 and the certification for operators of Grades 1, 2, 3, and 4 distribution systems as classified under R18-5-115. Thereafter, these examinations shall be conducted at least twice annually.

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The Department shall validate all examinations before administration. Each examination shall include topics such as treatment technologies, system maintenance, regulatory protocols, safety, mathematics, and general system management.

- C. Written examinations shall be used in determining knowledge, ability and judgment of the applicant.
The examiner shall grade the examination and make the results available to the applicant and the Department within seven days of the date of the examination.
- D. All examinations will be graded and the applicants notified of the results. Examinations will not be returned. An applicant may review his corrected examination in the Department office if he makes a written request for an appointment within 30 days of notification of examination results.
An applicant shall not be admitted to an examination without a valid picture I.D.
- E. An applicant for examination shall submit his application by the closing date designated by the Department. An application submitted after the closing date shall not be accepted by the Department.
An individual shall make a score of 70 percent on the examination in order to attain a passing grade.
- F. Applicants for certification as collection, distribution, water and wastewater facility operators shall pay the fees set forth in R18-5-113.

R18-5-107. ~~Renewal of Certificates~~ Certificate Renewal

- ~~A. Until January 1, 1988, the following rules shall apply:~~
 - ~~1. Holders of all renewable certificates are required to file applications for renewal annually before the expiration date.~~
 - ~~2. Each holder of a certificate will be sent one renewal notice at least 30 days prior to the expiration date, mailed to his last address on record. Failure to receive such notice shall not relieve the holder of his responsibility to renew by the expiration date.~~
 - ~~3. The Department shall mail a receipt to each certified operator indicating that his certificate has been renewed and is valid for the time period specified.~~
- A. If the Department renews a certificate, the certificate is renewed for three years, unless the operator requests a shorter renewal period in writing.
- ~~B. After January 1, 1988, the following rules shall apply:~~
 - ~~1. Renewed certificates of operators whose last names begin with letters A through G shall expire on June 30, 1988. Certificates of operators whose last names begin with H through O shall expire on June 30, 1989, and certificates of operators with last names beginning with P through Z shall expire on June 30, 1990.~~
 - ~~2. All certificates shall be renewed for three year periods thereafter.~~
 - ~~3. Applicants for renewal of collection, distribution, water and wastewater operator certificates shall pay fees as specified at R18-5-113. Fees will be prorated based on three year renewals.~~
- B. To renew a certificate, an operator shall maintain documentation and provide it to the Department upon request to verify completion of at least 30 PDHs accumulated during a certification period. The operator shall provide documentation of PDHs that is in a format acceptable to the Department. At least 10 of the PDHs shall directly relate to the specific job functions of the operator. If an operator holds multiple certificates, the required PDHs may be applied to all certificates if the PDHs are acquired within that certification period. The operator's supervisor or the entity that provides the education or training shall verify completion of each PDH in writing.
- C. As an alternative to the requirements of subsection (B), an operator may renew a certificate by taking and passing an examination for the applicable class and grade.

R18-5-108. ~~Lapsed Certificates~~ Certificate Expiration

- ~~A. Certificates which have not been renewed in accordance with R18-5-107 will be lapsed and invalid.~~
- ~~B. Lapsed certificates may be reinstated without examination upon application within six months from the date of expiration.~~
- ~~C. A lapsed certificate not renewed within six months of the date of expiration cannot be reinstated. It is necessary for the holder of such a certificate to reapply and be reexamined according to the rules for new applicants.~~
- ~~D. Both renewal and late renewal fees shall be paid for reinstatement of lapsed collection, distribution, water, and wastewater facility operator certificates.~~
- A. A certificate expires on the expiration date printed on the certificate. An operator may reinstate an expired certificate for the same class and grade without examination if the operator files the documentation required in R18-5-107(B) with the Department within 90 days of the certificate expiration date.
- B. If an expired certificate is not renewed within 90 days of the certificate expiration date, the Department shall not reinstate the certificate. To be recertified, the operator shall reapply and be reexamined as a new applicant.

R18-5-109. Denial and Revocation

- ~~A. In the event of denial or revocation of a certificate or denial of application for examination, the Department shall notify the applicant or certified operator of the reasons for such denial. Within 20 days of the receipt of the notice, the applicant or certified operator may request in writing that a hearing be held by the Director or his designated hearing officer to review the denial or revocation.~~
- ~~B. The Director may revoke a certificate if any one or more of the following grounds are found to exist:~~

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1. The operator is operating a facility in a manner which violates Department rules relating to protection of water quality or the environment.
 2. The operator has willfully neglected his duty in supervising the operation of the facility.
 3. The operator has failed to comply with the lawful orders or rules of the Department.
 4. The operator has obtained a certificate through the use of fraud, deceit, or misrepresentation.
 5. The operator knowingly has prepared a false or fraudulent report or record regarding the operation or management of the facility.
- ~~C. The Administrative Procedures Act (A.R.S. § 41-1001 et seq.) shall govern all hearings conducted by the Director under this rule.~~
- ~~D. If an operator whose certificate has been revoked desires to obtain a new certificate, he must comply with all of the requirements appropriate to his grade for the new certificate. Any person whose certificate has been revoked shall be ineligible for admission to any examination for recertification for a period of not less than six months, nor more than two years. The length of the period of ineligibility for recertification shall be determined by the Director.~~
- A. The Department shall act under A.R.S. Title 41, Chapter 6, Article 10 and 18 A.A.C. 1, Article 2 to deny or revoke a certificate.
- B. If it is determining whether to revoke a certificate, the Department shall consider whether the operator:
1. Operates a facility in a manner that violates federal or state law;
 2. Negligently supervises the operation of the facility;
 3. Fails to comply with Department orders or consent decrees;
 4. Obtains a certificate by fraud, deceit, or misrepresentation;
 5. Knowingly prepares a false or fraudulent report or record regarding the operation or management of the facility; or
 6. Endangers the public health, safety or welfare.
- C. In order to be recertified, a person whose certificate is revoked shall reapply and be reexamined as a new applicant. A person whose certificate is revoked is not eligible for admission to a certification examination for 12 months from the effective date of the revocation.

R18-5-110. Reciprocity

- ~~A. The Department may shall issue certificates to applicants who hold valid certificates issued under laws of any other state, territory, or District of Columbia, if the out-of-state applicant has passed a written examination approved by this Department for the particular type and grade for which application is made. Experience and educational requirements for certification as set forth in these rules shall apply to all such applicants: a certificate to an applicant who holds a valid certificate from another jurisdiction, if the applicant:~~
1. Passes a written, validated examination in Arizona or in another jurisdiction that administers an examination that is substantially equivalent to the examination in Arizona and validated by the Department, and
 2. Submits written evidence of the experience and education required under R18-5-112.

~~R18-5-111. Certification without Examination Repealed~~

- ~~A. Certificates issued without examination before November 1, 1979, for operation of a specific facility as it existed before March 13, 1973, are renewable as long as there is no significant modification of the facility.~~
- ~~B. Holders of provisional certificates issued to operators of water facilities serving fewer than 50 people or to operators of collection systems serving fewer than 2000 people may obtain Grade 1 certification without examination.~~
- ~~C. Holders of temporary Grade 1 or Grade 3 certificates may obtain renewable certificates of corresponding grade without reexamination.~~
- ~~D. Beginning July 1, 1990, holders of water treatment certificates may obtain certificates for distribution certification of the corresponding grade without taking the distribution examination, and holders of wastewater treatment certificates may obtain certificates for collection certification at the corresponding grade without taking the collection system examination, provided that they show proof of one year's experience of the type for which application is made. An exception is made for holders of Grade 1 certificates, who are not required to have experience.~~
- ~~E. All applicants for certification shall file applications and pay any required fees.~~
- ~~F. Except as provided for in subsections (A) through (D), no renewable certificates may be issued without examination after January 1, 1988.~~

R18-5-112. Experience and Education

- ~~A. In determining whether an applicant has the experience required for certification in a particular grade, his years of acceptable experience in a lower grade, or acceptable experience obtained prior to the adoption of these rules, or in another jurisdiction, all shall be accumulated and credited toward the total experience required for certification in the particular grade for which application is made. At least six months of the required operational experience, however, shall have been acquired within the five-year period preceding the date of application.~~
- ~~B. An applicant cannot become certified at a grade more than one grade higher than the grade of the highest facility at which he has at least one year of experience.~~

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- ~~C.~~ When education is required to be in a qualifying discipline by these rules, it shall be in engineering, biological or chemical sciences, or a closely related technical or scientific discipline. The Department may require transcripts for an operator to qualify on the basis of any post-secondary education.
- A.** The Department shall consider the following criteria to determine whether an applicant has the experience and education required for certification in a specific class and grade:
1. Years of experience at a lower grade;
 2. Qualifying experience in the same or a related field; and
 3. Education in a qualifying discipline.
- B.** An applicant shall provide written evidence of education in a qualifying discipline. The applicant shall provide transcripts if the Department determines that the transcripts are necessary to verify completion of the education requirements.
- ~~DC.~~ ~~If An applicant shall provide written evidence of operational qualifying experience is required by these rules it shall be experience directly in the field applicable facility class, for which application is made. The fields of operational experience are water treatment, distribution, wastewater treatment, and collection.~~
- ED.** Requirements for the admission to the certification examinations are An applicant shall meet the following requirements for admission to a certification examination:
1. ~~For Grade 1: There are no minimum education or experience requirements for admission to the Grade 1 examination, high school graduation or the equivalent.~~
 2. ~~For Grade 2, at least:~~
 - a. ~~Two years qualifying experience, including High school graduation or the equivalent and one year of operational qualifying experience as a Grade 1 certified operator or the equivalent of a Grade 1 operator in another jurisdiction; or~~
 - b. ~~High school graduation or the equivalent and one year of qualifying experience as a Grade 1 certified operator; or~~
 - eb. ~~Two years of post-secondary education in a related technical field qualifying discipline and one year of qualifying experience, including six months as a certified Grade 1 operator or the equivalent of a Grade 1 operator in another jurisdiction; or~~
 - dc. ~~A bachelor's degree in a qualifying discipline and six months of qualifying experience.~~
 3. ~~For Grade 3, at least:~~
 - a. ~~Four years of qualifying experience including High school graduation or the equivalent and two years operational experience, with at least of qualifying experience, including one of those years year as a certified Grade 2 operator or the equivalent of a Grade 2 operator in another jurisdiction; or~~
 - b. ~~High School graduation or the equivalent and two years of qualifying experience including one year of operational experience as a certified Grade 2 operator, or~~
 - eb. ~~Two years of post-secondary education in a related technical field qualifying discipline, and one year and six 18 months of qualifying experience as a certified Grade 2 operator or the equivalent of a Grade 2 operator in another jurisdiction; or~~
 - dc. ~~A bachelor's degree in a qualifying discipline and one year of qualifying experience including six months as a certified Grade 2 operator.~~
 4. ~~For Grade 4, at least:~~
 - a. ~~High school graduation or the equivalent and three years of qualifying experience, including one year of operational experience as a certified Grade 3 operator or the equivalent of a Grade 3 operator in another jurisdiction; or~~
 - b. ~~Two years of post-secondary education in a related technical field qualifying discipline and two years and six 30 months of qualifying experience, including one year as a Grade 3 operator or the equivalent of a Grade 3 operator in another jurisdiction; or~~
 - c. ~~A bachelor's degree in a qualifying discipline, and one year of qualifying experience as a Grade 3 operator.~~

R18-5-113. Fees Classes of Facilities

- A.** ~~The fees required by this Article shall be as listed below. Fees shall be levied for application for collection, distribution, water, and wastewater treatment examinations, renewal of certificates and late application for renewal. Fees are not refundable.~~
- B.** ~~Fee schedule:~~
- | | G1 | G2 | G3 | G4 |
|--|---------------|---------------|---------------|---------------|
| Application for examination | 10 | 10 | 25 | 25 |
| Reciprocity | 15 | 15 | 15 | 15 |
| 3-year certification | 15 | 15 | 15 | 15 |
| Renewal of 3-year certification | 15 | 15 | 15 | 15 |
| Add. charge for late renewal | 10 | 10 | 10 | 10 |
- ~~C.~~ ~~Certificates issued without examination for operation of a specific collection system, distribution system, water treatment facility, or wastewater treatment facility shall be renewed under the schedule prescribed in subsection (B).~~
- A.** The Department shall classify a facility in one of four classes:

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1. Water treatment plant.
2. Water distribution system.
3. Wastewater treatment plant, or
4. Wastewater collection system.

- B.** The Department shall classify a facility as one of four grades, Grades 1–4. The grade corresponds with the level of system complexity, with Grade 1 being the most simple and Grade 4 being the most complex.
- C.** For a multi-facility system, the Department shall grade each facility according to complexity and the total population or population equivalent served.

R18-5-114. ~~Classification~~ Grades of Wastewater Treatment Plants and Collection Systems

- A.** ~~Treatment plants~~ The Department shall grade a wastewater treatment plant or collection system shall be classified according to population equivalent served, degree of hazard to public health, ~~type class~~ class of facility, and degree of treatment, as specified in this Section. ~~Until July 1, 1991, collection systems shall be classified as specified in subsection (A) of this rule. On July 1, 1991, collection systems shall be reclassified as specified in subsection (B) of this rule. follows:~~

1. Grade 1 includes:
 - a. ~~Stabilization ponds serving~~ A stabilization pond that serves 2,000 or fewer than 2000 persons;
 - b. ~~Any~~ A ~~wastewater treatment facility plant~~ not designated as Grade 2, 3, or 4; ~~or~~
 - c. A collection system that serves 2,500 or fewer persons.
 2. Grade 2 includes:
 - a. ~~Stabilization ponds serving~~ A stabilization pond that is designed to serve more than 2000 2,000 persons; and;
 - b. ~~All~~ An ~~aerated lagoons lagoon; and;~~
 - c. ~~All facilities employing~~ A facility that employs biological treatment based upon the activated sludge principle; or trickling filters ~~and is designed to serve a population equivalent fewer than 5,000 or fewer persons, except as provided in R18-5-114(A)(3)(e); subsection (3)(c) below ; or~~
 - d. A collection system that serves between 2,501 to 10,000 persons.
 3. Grade 3 includes:
 - a. ~~All facilities employing~~ A facility that employs biological treatment based upon the activated sludge principle ~~and is designed to serve a population equivalent of 5,000~~ 5,001 to 20,000 persons; and ;
 - b. ~~All facilities employing~~ A facility that employs trickling filtration ~~and is designed to serve a population equivalent of 5,000~~ 5,001 to 25,000 persons;
 - c. ~~Variations of activated sludge requiring~~ A variation of biological treatment based on the activated sludge principle that requires specialized knowledge ~~including, but not limited to, including~~ contact stabilization, ~~serving any and is designed to serve population equivalent up to 20,000 or fewer persons;~~ or
 - d. A collection system that serves 2,501 to 25,000 persons.
 4. Grade 4 includes:
 - a. ~~All facilities employing~~ A facility that employs biological treatment based upon the activated sludge principle ~~and is designed to serve a population equivalent greater more than 20,000 persons; and;~~
 - b. ~~All facilities employing~~ A facility that employs trickling filtration ~~and is designed to serve a population equivalent greater more than 25,000 persons;~~ or
 - c. A collection system that serves more than 25,000 persons.
 5. ~~Ordinarily, collection systems are considered as a part of the treatment facility; however, where such a conveyance facility is separated from treatment, either in jurisdiction or in responsibility, the collection system is classified as Grade 1.~~
- B.** Classification of wastewater collection systems. Beginning on July 1, 1991, collection systems shall be classified by population served, as follows:
- | Grade | Population |
|-------|-----------------------------|
| 1 | 0–2,500 |
| 2 | 2,501–10,000 |
| 3 | 10,001–25,000 |
| 4 | More than 25,000 |
- C.** ~~By July 1, 1991, each owner or a purveyor of services for a collection system shall have the services of an operator certified at the grade of the system as reclassified under these Rules.~~

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R18-5-115. ~~Classification~~ Grades of Water Treatment Plants and Distribution Systems

A. ~~Until July 1, 1991, water treatment plants and distribution systems are classified as follows:~~

TREATMENT OR DISTRIBUTION PROCESS	GRADE POPULATION				
	25- 500	501 2000	2001 5000	5001 10000	10000+
Coagulation-Sedimentation	3	3	3	3	4
Filtration (sand, gravity)	2	2	3	3	4
Chemical Precipitation (Mn, Fe, softening)	3	3	3	4	4
Aeration	2	2	3	3	3
Odor & Taste Control (activated carbon)	2	2	3	3	3
Chemical Addition, (stabilization)	2	2	2	3	3
Pressure Filtration	2	2	2	3	3
Ion Exchange (softening, fluoride)	2	2	3	3	3
Chlorination	1	2	2	2	2
Fluoridation	2	2	2	2	2
Distribution of Treated water	1	2	2	2	2
Distribution of Chlorinated Groundwater	1	2	2	2	2
Distribution of unchlorinated Groundwater	1	2	2	2	2

B. ~~Beginning July 1, 1991, water treatment plants and distribution systems shall be classified separately as follows:~~

1) ~~Water Treatment Plants:~~

TREATMENT PROCESS	GRADE POPULATION			
	25- 500	501 5000	5001 20000	20000+
Coagulation-Sedimentation	2	2	3	4
Filtration	2	2	2	3
Chemical Precipitation (Mn, Fe, softening)	2	3	3	4
Odor & Taste (activated carbon)	2	2	3	3
Chemical Addition (stabilization)	2	2	2	3
Ion Exchange (softening)	1	2	3	4
Disinfection	1	2	3	3
Fluoridation	2	2	3	4

2) ~~Distribution Systems:~~

GRADE	POPULATION SERVED
1	25—500
2	501—5,000
3	5,001—25,000
4	More than 25,000

C. ~~Distribution systems are classified according to population served. For the purpose of these Rules, disinfection and groundwater production are considered a part of distribution and shall require distribution certification.~~

D. ~~Treatment processes other than disinfection shall require the corresponding water treatment certificate. The disinfection process may be operated by a person with either a distribution or a water treatment certificate of appropriate grade, according to population served.~~

E. ~~By July 1, 1991, each owner or purveyor of services for a distribution system shall have the services of an operator certified at the grade of the facility as reclassified under these Rules.~~

F. ~~Each owner or purveyor of services for a water treatment plant shall have the services of an operator certified at the grade of the facility as reclassified pursuant to subsections (A) and (B).~~

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A. Grading of water treatment plants. The Department shall grade a water treatment plant according to the sum of the points it assigns for each plant characteristic.

1. The Department shall assign points for the purpose of grading a water treatment plant as follows:

<u>Plant Characteristics</u>	<u>Points</u>
<u>Population</u>	<u>1 per 5,000</u>
<u>Maximum Design Capacity</u>	<u>1 per Millions of Gallons per Day up to 10</u>
<u>Groundwater Source</u>	<u>3</u>
<u>Surface or Groundwater Under the Direct Influence of Surface Water Source</u>	<u>5</u>
<u>Carbon Dioxide</u>	<u>2</u>
<u>pH Adjustment</u>	<u>3</u>
<u>Packed Tower Aeration</u>	<u>6</u>
<u>Air Stripping</u>	<u>6</u>
<u>Stability or Corrosion Control</u>	<u>3</u>
<u>Taste and Odor</u>	<u>8</u>
<u>Iron/Manganese Removal</u>	<u>8</u>
<u>Ion Exchange Softening</u>	<u>10</u>
<u>Chemical Precipitation Softening</u>	<u>15</u>
<u>Coagulant Addition</u>	<u>6</u>
<u>Flocculation</u>	<u>4</u>
<u>Sedimentation</u>	<u>4</u>
<u>Upflow Clarification</u>	<u>2</u>
<u>Fluoridation</u>	<u>5</u>
<u>Activated Alumina</u>	<u>6</u>
<u>Blending</u>	<u>5</u>
<u>Residual Waste Stream</u>	<u>5</u>
<u>Control Systems Technology</u>	<u>2</u>
<u>Biologically Active Filter</u>	<u>20</u>
<u>Granular Media Filter</u>	<u>15</u>
<u>Pressure Filter</u>	<u>15</u>
<u>Gravity Sand Filter</u>	<u>10</u>
<u>Membrane Filtration</u>	<u>15</u>
<u>Chlorine Gas</u>	<u>6</u>
<u>Hypochlorite Liquid</u>	<u>2</u>
<u>Hypochlorite Solid</u>	<u>2</u>
<u>Chloramine</u>	<u>2</u>
<u>Chlorine Dioxide</u>	<u>2</u>
<u>Ozone</u>	<u>12</u>
<u>Ultraviolet</u>	<u>3</u>

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2. The Department shall assign a grade by the total number of points assigned to the facility, as follows:

<u>Grade</u>	<u>Point Range</u>
<u>Grade 1</u>	<u>1 to 25</u>
<u>Grade 2</u>	<u>26 to 50</u>
<u>Grade 3</u>	<u>51 to 70</u>
<u>Grade 4</u>	<u>More than 70</u>

- B.** Grading of water distribution systems. The Department shall grade a distribution system according to the sum of the points it assigns for each system characteristic.

1. The Department shall assign points for the purpose of grading a distribution system as follows:

<u>System Characteristics</u>	<u>Points</u>
<u>Population</u>	<u>1 per 5,000</u>
<u>Maximum Design Capacity</u>	<u>1 per Millions of Gallons per Day up to 10</u>
<u>Pressure Zones</u>	<u>5</u>
<u>Booster Stations</u>	<u>5</u>
<u>Storage Tanks</u>	<u>3</u>
<u>Blending</u>	<u>5</u>
<u>Fire Protection Systems</u>	<u>5</u>
<u>Cathodic Protection</u>	<u>3</u>
<u>Control System Technologies</u>	<u>2</u>
<u>Chlorine Gas</u>	<u>6</u>
<u>Hypochlorite Liquid</u>	<u>2</u>
<u>Hypochlorite Solid</u>	<u>2</u>
<u>Chloramine</u>	<u>2</u>
<u>Chlorine Dioxide</u>	<u>2</u>

2. No points are added for Grade 1 small systems that:
- Only distribute groundwater;
 - Serve fewer than 500 persons;
 - Have no disinfection or disinfect by chlorine gas or hypochlorite only; and
 - Do not store water or store water only in storage tanks.
3. The Department shall assign a grade by the total number of points assigned to the facility, as follows:

<u>Grade</u>	<u>Point Range</u>
<u>Grade 1</u>	<u>0</u>
<u>Grade 2</u>	<u>1 to 20</u>
<u>Grade 3</u>	<u>21 to 35</u>
<u>Grade 4</u>	<u>More than 35</u>

R18-5-116. Initial Grading and Regrading of Facilities

- A.** The Department shall act under A.R.S. Title 41, Chapter 6, Article 10 and 18 A.A.C. 1, Article 2 when initially grading or when regrading a facility.

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- B.** If it is determining the initial grade of a facility or whether to regrade a facility, the Department shall consider the facility characteristics in R18-5-114 and R18-5-115, and whether:
1. The facility has special design features or characteristics that make it unusually difficult to operate;
 2. The water or wastewater is unusually difficult to treat;
 3. The facility uses effluent; or
 4. The facility poses a potential risk to public health, safety or welfare.
- C.** The owner of a facility that is regraded under this Article shall ensure that the facility is operated by an operator, in compliance with this Article, no later than one year from the effective date of the facility regrading.