SESSION 22

RCRA FINANCIAL ASSURANCE:

COST ESTIMATES
All TSDFs must prepare a closure cost estimate

- Based on closure plan
- Is most expensive cost of final closure
- Must include a third-party estimate
- On-site waste disposal included only under certain conditions
- Cannot incorporate salvage values or assume zero costs
Closure Cost Estimate

Land disposal units must prepare a post-closure cost estimate

- Applicable ONLY to land disposal units or units closing with waste in place
- Based on post-closure plan
- Estimates the projected costs for the entire post-closure period
- Must include a third party estimate

40 CFR §264.144(a)
Updating Cost Estimates

**TSDFs must update their cost estimates**

- Why must TSDFs update closure and post-closure cost estimates?
  - Inflation
  - Facility expansion
Updating Cost Estimates

**TSDFs may use GNP or GDP to derive the Implicit Price Deflator**

Gross Domestic Product

Gross National Product
The Implicit Price Deflator (IPD) is used to update closure and post-closure cost estimates.

\[
\text{IPD Current Year} = \frac{\text{inflation factor}}{\text{IPD Previous Year}} \quad \text{or} \quad \text{NEW IPD} = \text{OLD IPD} \\
\]

\[
\text{(inflation factor)} \times \text{(old estimate)} = \text{new cost estimate}
\]
Facilities must update cost estimates due to expansion or change

Original facility in 1990

Due to facility expansion in 2000, the new facility is larger, receives more waste and will be more expensive to close

40 CFR §264.142(c)
CostPro is a new closure cost estimating software

- CostPro provides EPA and state RCRA permit writers with a method of evaluating cost estimates for closure and post-closure care of RCRA treatment, storage, and disposal units in a more efficient and consistent manner.

- The estimates prepared by CostPro provide guidance to EPA in determining whether cost estimates prepared by owners and operators are complete and project accurate costs for closure and post-closure care.
The general procedure for evaluating cost estimates using CostPro involves these steps

- Identifying the closure activities to be conducted by the owner or operator as described in the closure plan, and

- Completing the worksheets provided by the software
  - Activity worksheets for specific units (e.g., tanks, containers)
  - Activity support worksheets, which are for routine closure activities such as sampling and analysis, treatment and disposal, and decontamination