

PPC 9477.1986(16)

THIRD PARTY LETTERS OF CREDIT-CONVERTIBLE BONDS
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
SEP -4 1986

MEMORANDUM

SUBJECT: Third-Party Letters of Credit, Convertible Bonds, and
Subpart G Conference

FROM: Carole J. Ansheles, Chief
Closure/Financial Responsibility Section

TO: Subpart H Contacts, Regions I-X

We have recently received questions and researched the following two subjects, which should be of interest to you:

(1) Third-Party Letters of Credit: We received a question from an individual who wanted to know if a third party could obtain a letter of credit for an owner or operator who must comply with the Subpart H requirements. Our contractor, ICF, looked into the matter, and concluded that a letter of credit obtained by a third party on behalf of an owner or operator would comply with the regulatory requirements of Subpart H if the language is identical to the language stipulated in 40 CFR §264.151(d). OGC, OECM, OWPE, and OSW agree. Attachment 1 explains the reasoning behind the response.

(2) Convertible Bonds: We received a question concerning whether convertible bond ratings are acceptable for meeting financial test requirements. Attachment 2 shows ICF'S analysis. They concluded that a convertible bond issue should be acceptable in meeting financial test requirements if it is rated investment grade by either of the required rating agencies.

In addition, the Subpart G and H conference, originally scheduled for this fall, has been postponed due to resource problems. We have not rescheduled yet, but will likely hold it in the spring.

RO 12729

Please pass this information on the your State contacts. If you have any questions on these matters, call Deborah Wolpe at 382-7729.

Attachments

cc: Joe Freedman
Jackie Tenusak