

Concise Explanatory Statement Chapter 173-224 WAC Water Quality Permit Fees

Summary of Rulemaking and Response to Comments

Washington State Department of Ecology Olympia, Washington July 2025, Publication 25-10-048

Publication Information

This document is available on the Department of Ecology's website at: https://apps.ecology.wa.gov/publications/summarypages/2510048.html

Contact Information

Water Quality Program – Permit Fees

P.O. Box 47600 Olympia, WA 98504-7600 Phone: 360-407-6600

Website: Washington State Department of Ecology¹

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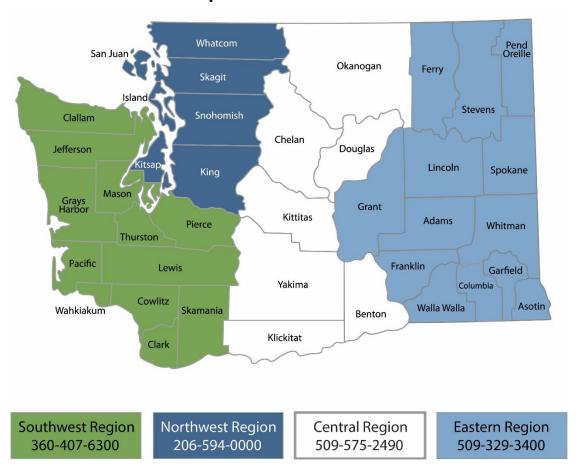
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¹ http://www.ecology.wa.gov/contact

Department of Ecology's Regional Offices

Map of Counties Served



Region	Counties served	Mailing Address	Phone
Southwest	Clallam, Clark, Cowlitz, Grays Harbor, Jefferson, Mason, Lewis, Pacific, Pierce, Skamania, Thurston, Wahkiakum	PO Box 47775 Olympia, WA 98504	360-407-6300
Northwest	Island, King, Kitsap, San Juan, Skagit, Snohomish, Whatcom	PO Box 330316 Shoreline, WA 98133	206-594-0000
Central	Benton, Chelan, Douglas, Kittitas, Klickitat, Okanogan, Yakima	1250 W Alder St Union Gap, WA 98903	509-575-2490
Eastern	Adams, Asotin, Columbia, Ferry, Franklin, Garfield, Grant, Lincoln, Pend Oreille, Spokane, Stevens, Walla Walla, Whitman	4601 N Monroe Spokane, WA 99205	509-329-3400
Headquarters	Across Washington	PO Box 46700 Olympia, WA 98504	360-407-6000

Concise Explanatory Statement

Chapter 173-224 WAC Water Quality Permit Fees

Water Quality Program
Washington State Department of Ecology
Headquarters
Olympia, WA

June 2025 | Publication 25-10-048



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Introduction

The purpose of a Concise Explanatory Statement is to:

- Meet the Administrative Procedure Act (APA) requirements for agencies to prepare a Concise Explanatory Statement (RCW 34.05.325).
- Provide reasons for adopting the rule.
- Describe any differences between the proposed rule and the adopted rule.
- Provide Ecology's response to public comments.

This Concise Explanatory Statement provides information on The Washington State Department of Ecology's (Ecology) rule adoption for:

Title: Water Quality Permit Fees

WAC Chapter(s): Chapter 173-224

Adopted date: July 1, 2025

Effective date: August 1, 2025

To see more information related to this rulemaking or other Ecology rulemakings please visit our website: https://ecology.wa.gov/About-us/How-we-operate/Laws-rules-rulemaking.

Reasons for Adopting the Rule

Ecology adopted Chapter 173- 224 WAC – Water Quality Permit Fees after voters approved Initiative 97 in 1988 (later codified as RCW 90.48.465) and Initiative 601 in 1993 (later codified as RCW 43.165). These initiatives required that Ecology create a fee schedule to recover the costs associated with managing the water quality permit program. Ecology is adopting these amendments on July 1, 2025. Previously, the last rule update occurred on June 29, 2023.

The adopted rule amendments will make the following changes:

- Adjust fee amounts for fiscal years 2026 and 2027.
- Update the concentrated animal feeding operation permit fee categories to better reflect the range in costs to manage individual permits versus general permits, and bigger operations vs. smaller operations.
- Consolidate our reclaimed water facilities into a single fee category to better track costs and inform revenue needs.
- Update our sand and gravel fees to balance costs for small and curtailed operations and improve fairness between portable and non-portable operations.
- Restructure the ore mining fee category to reflect the nature of current activities in the industry.
- Move secondary facilities under municipal stormwater separate sewer system permits to a flat fee rate instead of using a tiered fee structure based on operating budget.
- Expand the number of fee tiers in our seafood processing fee category to better reflect the range of discharge amounts and minimize the economic impacts to small operations.
- Replace the existing "Inactive Rate" discount with a new "Reduced Rate" discount to allow Ecology more flexibility in offering discounts for reduced operations, and better clarify who is eligible for the discount.

Differences Between the Proposed Rule and Adopted Rule

RCW 34.05.325(6)(a)(ii) requires Ecology to describe the differences between the text of the proposed rule as published in the Washington State Register and the text of the rule as adopted, other than editing changes, stating the reasons for the differences.

During the rulemaking, we found that there were several technical editing changes needed to correct clerical errors and to ensure clarity. These minor changes do not require a description of the differences between the text of the proposed rule filed on April 16, 2025 and the text of the adopted rule filed on June 30, 2025. Ecology made these changes to ensure clarity and to meet the intent of the authorizing statutes.

List of Commenters and Response to Comments

Ecology accepted comments starting March 27, 2025, 12:00 a.m. until May 20, 2025, 11:59 p.m. This section provides original verbatim comments that were received during the public comment period and Ecology's responses. (RCW 34.05.325(6)(a)(iii)).

Commenter Index

The table on the following page lists the names of organizations and individuals who submitted a comment on the rule proposal and where you can find Ecology's response to the comments. Comments are sorted by organization and commenter, and assigned a comment number. Ecology responses follow each comment. The full written comment submittals can also be viewed via our online ecomments system.

Table 1 Comment Index

Commenter Organization	Commenter Name	Comment Numbers
Western States Petroleum Association (WSPA)	Jessica Spiegel	A-1
Parks Tacoma	Erich Sachs	A-2
Northwest Pulp & Paper Association (NWPPA)	Jackie White	A-3
	Kevin Coyne	A-4
	Janet Keller	A-5
	Derek Benedict	A-6
	Sam Sanders	A-7
	Joe Flansburg	A-8

Comments and Responses

A-1: Western States Petroleum Association (WSPA) – Jessica Spiegel

Comment A-1-1

Comment submitted as letter. See comment letter from Western States Petroleum Association in Appendix B: Comment Letters.

WSPA members—and other industrial stakeholders—have long raised concerns about the growing disparity in permit fees. While industrial permits can be complex, they typically require less ongoing time and support from the Department of Ecology, particularly after the initial years of 1988 Initiative 97 Hazardous Waste Tax and Cleanup Program implementation. In contrast, the Department increasingly devotes resources to smaller permittees, even as fees for large industrial sources continue to rise. The original shared goal was to gradually close this gap, ensuring that one category of permittee is not effectively subsidizing another. The current fee proposal, however, appears to widen that gap. We believe it is time for the Department to consider alternative funding sources to address the costs associated with smaller entities and to restore balance to the program.

WSPA members represent the highest individual permit fees of any industrial subcategory. The proposed 6%+ increase for the "Petroleum Refining, 50,000 bbls per day and greater" subcategory would raise annual fees from \$157,000 in fiscal year 2025 to \$166,700 and \$177,100 in fiscal years 2026 and 2027, respectively.

Unfortunately, the 2025 proposed revisions do not reflect the analysis required under the law. Instead, the fee proposal appears to rely solely on a uniform percentage increase to reach a predetermined revenue goal, without demonstrating how that increase aligns with actual costs.

Response to A-1-1

Many industrial permits, particularly individual permits on large sites, require significant staff time. The Petroleum Refining fee category includes individual permits and requires significant permit management from both the Water Quality Program and the Solid Waste Management Program. The Petroleum Refining sites are large and complex, and the permit requirements needing to be managed are also complex. The Petroleum Refining fee category is one of the highest flat rate fee categories; the fees reflect the costs to Ecology associated with managing those permits. We have not raised fees for the Petroleum Refining fee category since 2019 and this fee category is currently an underpaying fee category. Therefore, we are proposing to increase fees for FY26 and FY27.

We undergo an extensive fee analysis every two years per RCW 90.48.465, including gathering feedback from permit managers regarding the permitted facilities and staff time. We review all fee categories each rulemaking and make adjustments to improve fee equity between the fee categories where feasible. We also conduct an economic analysis, known as a Regulatory Analysis², with each update of our permit fees. This analysis includes information in section 3.2.1 discussing how permit fees for the Chemical Pulp Mills and Petroleum Refining fee categories compare with inflation over time. Additional information is available in section 4.2.2 showing the change in average fees for businesses in 2026 and 2027 compared to 2025 according to the business size.

RCW 90.48.465 requires us to recover program costs associated with administering permits, this includes direct and indirect agency costs. The fees are not designed to be a fee-for-service. For many years now, Ecology has made progress in every rulemaking to improve the fee equity between fee categories. We continue to make adjustments and improvements in this rulemaking as well, and we are committed to making improvements in future rulemakings as part of the fee analysis process.

Some smaller industrial sites require extra technical assistance as they have fewer resources to hire consultants; there is an ebb and flow to this need. The Department devotes staff time and resources necessary to fulfill our permit development and oversight obligations based on the particular needs of each facility regardless of size.

² https://apps.ecology.wa.gov/publications/SummaryPages/2510055.html

A-2: Parks Tacoma – Erich Sachs

Comment A-2-1

As a Secondary Permittee, Parks Tacoma is supportive of this rule change and simplification of the fee structure for secondary permittees in: Section (c) Other entities (phase 1 and 2 secondary facilities) with a municipal stormwater general permit must pay an annual permit fee of \$1,100 for FY2026, and \$1,100 for FY2027.

Response to A-2-1

Thank you. Ecology appreciates hearing Parks Tacoma's support of our proposal to simplify the fee structure and fee reporting requirements for Secondary Permittees.

A-3: Northwest Pulp & Paper Association (NWPPA) – Jackie White

Comment A-3-1

Comment submitted as letter. See comment letter from Northwest Pulp & Paper Association in Appendix B: Comment Letters.

Washington's pulp and paper industry has historically borne some of the highest water quality permit fees of any permitted sector, and the proposed 4% increase over the biennium is a continuation of this trend. According to RCW 90.48.465, program fees "shall be established in amounts to fully recover and not to exceed expenses incurred by the department in processing applications and modifications, monitoring and evaluating compliance with permits, conducting inspections, securing laboratory analysis of samples taken during inspections, reviewing plans and documents directly related to operations of permittees, overseeing performance of delegated pretreatment programs, and supporting the overhead expenses that are directly related to these activities." Respectfully, NWPPA believes that the proposed fees for pulp and paper exceed the amounts necessary to facilitate Ecology's mandate.

NWPPA and our members understand that the effects of inflation and increased costs have impacted all sectors of the economy, but there are ongoing concerns with growing disparities in permit fees. Industrial permits can be complex; however, they typically require less ongoing time and support from Ecology staff. Conflictingly, Ecology typically devotes greater resources to smaller permittees who may not have dedicated staff with the necessary expertise. It is our understanding that there has previously been a shared intent to close the gap in order to ensure that one group of permittees is not effectively subsidizing another. However, the proposed fee increase appears to widen the gap, rather than narrow it. With this in mind, it may be time to re-evaluate program funding sources to ensure that the true costs associated with smaller entities are enough to cover the costs of supporting those permittees.

NWPPA requests that Ecology provide an analysis of the actual costs associated with facilitating permits for each category during the 2023-2025 biennium in order to more clearly understand the predicted costs associated with Ecology's work in the 2025-2027 biennium.

Response to A-3-1

Many industrial permits, particularly individual permits with large daily discharges including metals, require significant staff time. The Pulp, Paper, and Paper Board fee category includes individual permits and requires significant permit management from both the Water Quality Program and the Solid Waste Management Program. These sites are complex, and the permit requirements needing to be managed are also complex. One of the Pulp, Paper, and Paper Board fee subcategories (Chemical Pulp Mills with Chlorine Bleaching) is indeed the highest flat rate fee subcategory in our fee schedule. The fees reflect the cost to Ecology associated with managing those permits. We have not raised fees for this fee category since 2019, and we need to include an inflationary adjustment in this rulemaking to cover anticipated program increases in the next biennium. Therefore, we are proposing small increases of 2% for FY26 and again for FY27.

As stated in response A-1-1, Ecology underdoes an extensive fee analysis every two years per RCW 90.48.465, including gathering feedback from permit managers regarding the permitted facilities and staff time. We review all fee categories each rulemaking and make adjustments to improve fee equity between the fee categories where feasible. We also conduct an economic analysis, known as a Regulatory Analysis³, with each update of our permit fees. This analysis includes information in section 3.2.1 discussing how permit fees for the Chemical Pulp Mills and Petroleum Refining fee categories compare with inflation over time. Additional information is available in section 4.2.2 showing the change in average fees for businesses in 2026 and 2027 compared to 2025 according to the business size.

RCW 90.48.465 requires us to recover program costs associated with administering permits, this includes direct and indirect agency costs. The fees are not designed to be a fee-for-service. For many years now, Ecology has made progress in every rulemaking to improve the fee equity between fee categories. We continue to make adjustments and improvements in this rulemaking as well, and we are committed to making improvements in future rulemakings as part of the fee analysis process.

Some smaller industrial sites require extra technical assistance as they have fewer resources to hire consultants; there is an ebb and flow to this need. The Department devotes staff time and resources necessary to fulfill our permit development and oversight obligations based on the particular needs of each facility regardless of size.

³ https://apps.ecology.wa.gov/publications/SummaryPages/2510055.html

A-4: Kevin Coyne

Comment A-4-1

Regulatory capture schemes, which the Department of Ecology is largely comprised of, and anti-democratic and unjust. Having unelected officials believe they are a taxing, fining, money grabbing entity and content with thinking they have this awesome power to do so is chilling and something the founding fathers of our republic discussed, for good reason.

If it was up to me, your entire agency would be dissolved and all of it's employees let go.

Response to A-4-1

Thank you for your comment. Ecology appreciates your engagement in the public process.

A-5: Janet Keller

Comment A-5-1

We find the increased CAFO fee out of touch with agriculture's reality. Dairy pay prices are decreasing while your fee increases.

The increased Department of Ecology CAFO fee is an additional excess burden.

Response to A-5-1

Water Quality Program CAFO permit fees are governed under RCW 90.48.465, which directs Ecology to recover the cost of administering these permits. The fees historically collected for these permits have not covered the costs of administering these permits, and the CAFO fee category remains an underpaying fee category. Ecology continues to propose gradual increases over time to align the fees collected with the costs for administering these permits. The increases proposed in this rulemaking have the most impact on large and extra-large operations to minimize the impact to smaller operations and move closer to permit fee equity among CAFO permits.

A-6: Derek Benedict

Comment A-6-1

We must push for the strongest & most stringent water quality rules right now!

Response to A-6-1

Thank you for your comment. Ecology appreciates your engagement in the public process.

A-7: Sam Sanders

Comment A-7-1

I see no explanation for the reasoning behind the ISGP increasing by 15%. This is way more than inflation and your report to the legislature doesn't address the need for such an increase. The department should live within its means like everyone else.

Response to A-7-1

The legislature has directed Ecology to recover the cost of administering the Industrial Stormwater General Permit (ISGP) under RCW 90.48.465. Ecology tracks staff time and administrative costs when determining permit fee expenditure projections and setting fees.

The highest proposed increase for ISGP permits totals 14.2% over FY26 and FY27. This proposed increase is only for the highest tier (businesses with annual gross revenue above \$20 million). This tier contains more than 50% of the ISGP permits and represents the greatest workload on the ISGP.

A-8: Joe Flansburg

Comment A-8-1

- 1. In a time when money is evaporating from our bank accounts ecology asking to raise their fees to cover expenses is laughable. Consider cutting cost to match the income. If you have to cut services and personnel, make that move.
- 2. I like the structure of existing fee categories. Don't change the fee structure.
- 3. the existing users are familiar with the existing rule language. Do not change the language, it will only confuse users.

Response to A-8-1

Water Quality Program permit fees are governed under RCW 90.48.465, which directs Ecology to recover the cost of administering the Water Quality Permit Program. The proposed fee increases are designed to bring underpaying fee categories closer to their costs, and to keep up with inflation.

The changes to the existing fee categories and language are intended to improve clarity and better align with the current state of industries and permitting practices. Some of these changes were requested by existing users.

Appendix A: Citation List

Chapter 173 – 224 WAC WATER QUALITY PERMIT FEES AO # 24 - 05

This citation list contains references for data, factual information, studies, or reports on which the agency relied in the adoption for this rulemaking (RCW 34.05.370(f)).

At the end of each citation is a number in brackets identifying which of the citation categories below the sources of information belongs. (RCW 34.05.272).

Table 2 Citation Categories

#	Citation Categories
1	Peer review is overseen by an independent third party.
2	Review is by staff internal to Department of Ecology.
3	Review is by persons that are external to and selected by the Department of Ecology.
4	Documented open public review process that is not limited to invited organizations or individuals.
5	Federal and state statutes.
6	Court and hearings board decisions.
7	Federal and state administrative rules and regulations.
8	Policy and regulatory documents adopted by local governments.
9	Data from primary research, monitoring activities, or other sources, but that has not been incorporated as part of documents reviewed under other processes.
10	Records of best professional judgment of Department of Ecology employees or other individuals.
11	Sources of information that do not fit inti one of the other categories listed.

- The Office of Management fund balance sheet for Fund 176 Water Quality Permit Fees [11].
- RCW 90.48.465 Water Pollution Control [7].

Appendix B: Comment Letters

See next page for comment letters



Jessica Spiegel

Vice President, Northwest Region

May 16, 2025

Sent via email to: wqfeeunit@ecy.wa.gov

Matthew Tietjen
Washington Department of Ecology
Water Quality Permit Fee Unit
P.O. Box 47600
Olympia, WA 98504-7600

Subject: Comments on Proposed Revisions to WAC 173-224 Water Quality Permit Fees

Dear Mr. Tietjen,

The Western States Petroleum Association (WSPA) appreciates the opportunity to comment on the proposed revisions to WAC 173-224: *Water Quality Permit Fees*. WSPA is a non-profit trade association representing companies that provide the energy Washington relies on today and into the future. This includes renewable diesel, biofuels, solar and sustainable energy projects, electric charging infrastructure, and carbon capture and sequestration. These companies are directly affected by the proposed rulemaking.

WSPA members—and other industrial stakeholders—have long raised concerns about the growing disparity in permit fees. While industrial permits can be complex, they typically require less ongoing time and support from the Department of Ecology, particularly after the initial years of 1988 Initiative 97 *Hazardous Waste Tax and Cleanup Program* implementation. In contrast, the Department increasingly devotes resources to smaller permittees, even as fees for large industrial sources continue to rise. The original shared goal was to gradually close this gap, ensuring that one category of permittee is not effectively subsidizing another. The current fee proposal, however, appears to widen that gap. We believe it is time for the Department to consider alternative funding sources to address the costs associated with smaller entities and to restore balance to the program.

According to RCW 90.48.465, fees must be designed to help Ecology fund and administer its programs, ensuring the cost of regulation is borne by those who benefit from it. Specifically, WAC 173-224 and RCW 90.48.465(1) require that:

"Fees must be designed to fully recover—but not exceed—the expenses incurred by the department for processing applications, conducting inspections, performing monitoring and lab analysis, reviewing plans and documents, and covering agency overhead."

WSPA members represent the highest individual permit fees of any industrial subcategory. The proposed 6%+ increase for the "Petroleum Refining, 50,000 bbls per day and greater" subcategory would raise annual fees from \$157,000 in fiscal year 2025 to \$166,700 and \$177,100 in fiscal years 2026 and 2027, respectively.

Western States Petroleum Association

P.O. Box 6069, Olympia, WA 98507

360.352.4516

wspa.org

Mr. Matthew Tietjen May 16, 2025 Page 2

For the past 12–15 biennial fee adjustments, WSPA has consistently expressed that the fees assessed on Petroleum Refining subcategories are disconnected from the statutory criteria used to justify them. Most recently, in a September 2024 letter to Ligeia Heagy of the Water Quality Program, we urged the Department to assess the actual costs associated with administering petroleum refining permits and to examine the inequities between individual NPDES permit subcategories.

Unfortunately, the 2025 proposed revisions do not reflect the analysis required under the law. Instead, the fee proposal appears to rely solely on a uniform percentage increase to reach a predetermined revenue goal, without demonstrating how that increase aligns with actual costs. As you know, in our letter on this topic dated April 23,2025 we asked that Ecology provide the materials in the CR 102 to WSPA establish a better standing of how the fee is assessed. Ecology refused to do so, making it difficult to provide feedback on the rulemaking as key data is missing.

WSPA would welcome the opportunity to meet and discuss how these statutory criteria can be better applied to create a more equitable and accurate fee structure.

If you have any questions regarding our comments, please do not hesitate to contact me directly at (360) 9182178 or via email at ispiegel@wspa.org.

Sincerely,

Jessica Spiegel

9.58

Vice President, Northwest Region

WSPA

Western States Petroleum Association P.O.

P.O. Box 6069, Olympia, WA 98507

360.352.4516

wspa.org



May 20, 2025

Submitted online via https://wq.ecology.commentinput.com/

Mr. Matthew Tietjen

Water Quality Program

Washington Dept. of Ecology

300 Desmond Dr SE

Olympia, WA 98504

Dear Mr. Tietjen,

Thank you for the opportunity for the Northwest Pulp & Paper Association (NWPPA) to provide comments on Department of Ecology's (Ecology) proposed Water Quality Permit Fees.

NWPPA is a 69-year-old regional trade association representing 11 member companies and 13 mills in Oregon,

Washington and Idaho, seven of which are located in Washington. Our member mills in Washington provide roughly 4,000 union-backed, family wage jobs in some of Washington's more rural, economically distressed communities. Mills provide a 3:1 job multiplier and are often the single largest taxpayer in these communities, a large portion of which is distributed as funding for schools and emergency services.

Washington's pulp and paper industry has historically borne some of the highest water quality permit fees of any permitted sector, and the proposed 4% increase over the

biennium is a continuation of this trend. According to RCW 90.48.465, program fees "shall be established in amounts to fully recover and not to exceed expenses incurred by the department in processing applications and modifications, monitoring and evaluating compliance with permits, conducting inspections, securing laboratory analysis of samples taken during inspections, reviewing plans and documents directly related to operations of permittees, overseeing performance of delegated pretreatment programs, and supporting the overhead expenses that are directly related to these activities." Respectfully, NWPPA believes that the proposed fees for pulp and paper exceed the amounts necessary to facilitate Ecology's mandate.

NWPPA and our members understand that the effects of inflation and increased costs have impacted all sectors of the economy, but there are ongoing concerns with growing disparities in permit fees. Industrial permits can be complex; however, they typically require less ongoing time and support from Ecology staff. Conflictingly, Ecology typically devotes greater resources to smaller permittees who may not have dedicated staff with the necessary expertise. It is our understanding that there has previously been a shared intent to close the gap in order to ensure that one group of permittees is not effectively subsidizing another. However, the proposed fee increase appears to widen the gap, rather than narrow it. With this in mind, it may be time to re-evaluate program funding sources to ensure that the true costs associated with smaller entities are enough to cover the costs of supporting those permittees.

Northwest Pulp & Paper Association • 300 Deschutes Way SW, Suite 201 • Tumwater, WA 98501 • 360.529.8638 • www.nwpulpandpaper.org

NWPPA requests that Ecology provide an analysis of the actual costs associated with facilitating permits for each category during the 2023-2025 biennium in order to more clearly understand the predicted costs associated with Ecology's work in the 2025-2027 biennium.

Thank you for the opportunity to provide feedback. Please let me know if you have any questions.

Sincerely,

Jackie White

Director of Regulatory and Technical Affairs, NWPPA

Northwest Pulp & Paper Association • 300 Deschutes Way SW, Suite 201 • Tumwater, WA 98501 • 360.529.8638 • www.nwpulpandpaper.org