



Department of
**Environment &
Conservation**

Revised UST Reimbursement Rates (RGD-002)

UST-SWDC Board Meeting
February 4, 2026

RGD-002 Overview

RGD-002 Purpose:

- Establishes reimbursement rates from the UST Fund to Corrective Action Contractors (CACs) pursuant to Rule 0400-18-01-.09
- Categorized reimbursable work under various tasks which are submitted to reimbursement group for approval and payment from the UST Fund
- Critical for fund solvency and actuarial reporting and planning
- Previous revisions to RGD-002 have occurred in April 2014 and May 2022
- Future review and revision of the RGD-002 document and rates shall occur every two years.

Development of New Rates

New rates were established by:

- Bureau of Labor Statistics
- Existing EPA Region 4 State UST program rate structures
- Submitted reimbursement invoices
- Contractor quotes
- Feedback from State Contractors, CAC's and Stakeholders
- UST Reimbursement Committee

Overview of Changes

Average Rate Increase Across Tasks

- Personal Rates ≈ **19%**
- Tank Closure (Tasks-1.xx) ≈ **33%**
 - Over Excavation, Sampling
- Hazard Management (Tasks-2.xx) ≈ **29%**
 - Free Product Removal, Vapor Management
- Release Investigation (Tasks-3.xx) ≈ **36%**
 - Drilling, Sampling, Well installation
- Risk Management and Corrective Action (Tasks-4.xx) ≈ **33%**
 - Risk Assessment, Corrective Action System installation/operation
- Final Closure (Tasks-5.xx) ≈ **40%**
 - Well Abandonment, Site Restoration
- Documents/Reports (Tasks-3.xx) **37%**
 - Initial Site Characterizations, Corrective Action Plans, etc.

Overview of Changes

New Additions:

- Future \$5,000 Deductible per Suspected/Confirmed Release
 - Pending Rule implementation January 15, 2026
 - Eliminate violations affecting deductible amount.
 - 9(6) inspections will still be conducted
 - Fund Application Still must be submitted within 60/90 Days
- 9(6) Inspections costs will be fund reimbursable
 - Includes Compliance Contractors present for the inspection (Reported Suspected Release)
 - System testing (For release investigation only)
 - Line Tightness
 - Tank Tightness
 - Hydrostatic Testing
 - Reimbursement must be submitted through a CAC
- New Senior Project Manager Staff Description
 - Additional project management time allowed for specific tasks

Overview of Changes

Identified Areas of Concern:

- Mobilization Area Increase to 500 Miles Roundtrip including out of state
 - To increase the availability of Drillers and Vac Trucks
- Increase of minimum cost of drilling and drilling rates
 - Increase the number of available Drilling Companies
- Allowance of one additional staff for 24-hour MEME operations
 - To comply with DOT Hours of Service (HOS) rules:
 - A maximum 11-hour daily driving limit within a 14-hour window, a mandatory 30-minute break after 8 cumulative driving hours
- A 2% markup of total approved reimbursement application amount
 - In addition to 15% and 5% markups allowed on identified tasks
- Integration of similar or reoccurring tasks across the document
 - Increase fund application process and review of approval of tasks from Division.

Potential Impact to the UST Fund

Fund Impact Analyst:

- Proposed rates were applied to existing Reimbursement Claims Since July 1, 2022
 - Indicated an estimated average increase of \approx \$13,813,766.00
 - A yearly increased estimated average of \approx \$4.5 Million Dollars
 - Approximate increase of \approx 40% based on average (\$11,033,626.65) of the last three of fiscal years of fund payout.
- Once public comments have been received, a detailed Fund Impact Analyst from July 1, 2022, will be completed with the final rates.

Next Steps

Per recommendation of the Board:

- A Draft RGD-002 Reimbursement Document will be posted on TDEC's Website for a 30-Day Public Comment period per TDEC's policy on policies
- Pending public comments, Final version of the document will be presented at the next SWM-UST board meeting for approval (January/February 2026)
 - Detailed Fund Impact study
 - Any changes to the final document
 - Division Responses to public comments
- Possible presentation of rate changes to the Government Ways and Means Committee
 - Division is implementing a rate change during active state contracts
- Final Implementation of RDG-002 Rates

Questions?

Contact Information:

Nigel Luther

Phone: 423-762-0184

Email: Nigel.Luther@TN.gov