

**WATER QUALITY COMMITTEE
WORK PLAN
July 1, 2016 to June 30, 2017**

1. HYDRAULIC FRACTURING

Background: In June 2015, the Environmental Protection Agency (EPA) published a study on the relationship between hydraulic fracturing and drinking water, titled “Assessment of the Potential Impacts of Hydraulic Fracturing for Oil and Gas on Drinking Water Resources.” In March 2015, the Bureau of Land Management (BLM) issued a final rule for hydraulic fracturing on public lands, which includes a variance process that would allow states to propose their own standards if they can prove that their regulations meet or exceed the requirements in BLM’s rule. In addition, EPA, the Department of Energy (DOE), and the Department of the Interior (DOI) agreed in April 2012 to develop a “Multi-Agency Unconventional Oil and Gas Research Program” to support policy decision by relevant state and federal agencies. The effort is intended to help support the White House’s March 2011 “Blueprint for a Secure Energy Future.”

Work-to-Date: The Western Governors’ Association (WGA) Resolution #2014-4 and WSWC Position #353 state that: (1) federal efforts involving hydraulic fracturing should leverage state knowledge, experience, policies, and regulations; (2) such efforts should be limited, based upon sound science, and driven by states; and (3) that both organizations oppose any and all efforts that would diminish the primary and exclusive authority of states over the allocation of water resources used in hydraulic fracturing.

2016-2017: The Committee will work with the Water Resources and Legal Committees to support the WGA and WSWC positions, and will continue to monitor and update the WSWC on developments involving hydraulic fracturing, including but not limited to EPA’s study, BLM’s rule, and the EPA/DOE/DOI research program.

The Committee will also work in collaboration with the Water Resources and Legal Committees to prepare a summary of the applicable WSWC states’ experiences with hydraulic fracturing. The summary will complement previous reports by the Groundwater Protection Council and others that describe how state programmatic elements and regulations ensure that hydraulic fracturing does not impair water resources and environmental values. Examples of the types of information sought for the summary include but are not limited to: (1) the impacts of hydraulic fracturing on water quality, if any; (2) examples of how state regulations and other efforts protect water quality; (3) the economic benefits of hydraulic fracturing; (4) water supplies and amounts used for hydraulic fracturing; (5) state interaction with federal agencies involving hydraulic fracturing; and (6) the degree to which states utilize oil and gas taxes and other revenue related to hydraulic fracturing to fund water-related efforts, including but not limited to water planning, water management, and water regulation and protection. WSWC staff will prepare the summary under the direction of the Committees, and will gather the necessary information through independent research and focused telephone interviews with select staff from the applicable WSWC state agencies. WSWC staff will also coordinate with other relevant state associations and organizations to avoid duplicating prior efforts. It is envisioned that the full WSWC will review the summary.

Time Frame: 2016-2017, pending available staff time and resources.

2. WATER QUALITY/QUANTITY NEXUS

Work-to-Date: Paragraph (B)(3) of WGA Resolution #2015-08 states: “Western Governors believe effective solutions to water resource challenges require an integrated approach among states and with federal, tribal and local partners. Federal investments should assist states in implementing state water plans designed to provide water for municipal, rural, agricultural, industrial and habitat needs, and should provide financial and technical support for development of watershed and river basin water management plans when requested by states. Integrated water management planning should also account for flood control, water quality protection, and regional water supply systems. Water resource planning must occur within a framework that preserves states’ authority to manage water through policies which recognize state law and the financial, environmental and social values of the water resource to citizens of the western states today and in the future.” (emphasis added)

On October 6-7, 2015, the Water Quality Committee held a workshop in conjunction with the WSWC’s 2015 fall meetings in Manhattan, Kansas. The workshop provided insights on: (1) how state water quantity and quality regulations interact with each other; (2) how states can protect water quality within the existing framework of the prior appropriation doctrine; and (3) the proper relationship between federal environmental protections and the states’ primary and exclusive authority over the allocation of water resources. WSWC staff prepared a preliminary report of the meeting, which included recommendations for WSWC next steps.

2016-2017: The Committee will produce findings and policy options from the WQ2 workshop for the WSWC to consider as it supports WGA Resolution #2015-08. The Committee will also follow up on the next steps recommended in the WQ2 workshop, including: (1) create a nexus Toolbox of useful and accessible information, including interagency MOUs, instream flow legislation, case studies, and reports of additional workshops, to provide a resource for the states seeking to learn from each other’s experiences; (2) create a subcommittee to provide a more focused review of the 1997 WSWC report on Water Quantity/Water Quality Interrelationships: Western State Perspectives; and (3) identify and coordinate with federal agencies and other technical or national organizations with common interests to co-host educational workshops or symposia on relevant nexus topics, both to develop better relationships and to find additional potential solutions to nexus problems.

Time Frame: Ongoing

WQ2 Nexus Workgroup: Walt Baker (UT)

3. CLEAN WATER ACT ISSUES

There are a number of ongoing Clean Water Act (CWA) issues that pertain to WSWC policies or are otherwise of interest that the Committee will monitor and address on an as needed basis. These issues are listed below in order of priority.

a. CWA Jurisdiction*

Background: In 2011, the EPA and the U.S. Army Corps of Engineers released draft guidance intended to provide clearer, more predictable guidelines for determining which water bodies are subject to Clean Water Act (CWA) jurisdiction, consistent with the U.S. Supreme Court's decisions in *Solid Waste Agency of Northern Cook County v. U.S. Army Corps of Engineers*, 531 U.S. 159 (2001), and *Rapanos v. United States*, 547 U.S. 715 (2006).

In September 2013, the EPA and Corps withdrew the draft guidance. At the same time, the agencies announced that they had submitted a draft rule to clarify the extent of CWA jurisdiction to the Office of Management and Budget (OMB) for interagency review. On April 21, 2014, EPA and the Corps published a proposed rule in the Federal Register with an initial 90-day public comment period that was later extended to October 20, 2014

Work-to-Date: In 2013, the WSWC wrote EPA and the Corps a series of five letters requesting greater state consultation in the development of the rule. In addition, the WSWC created a CWA Rulemaking Workgroup to gather information on the WSWC member states' perspectives regarding the rulemaking and to identify further areas of consensus among the western states. In March 2014, the workgroup developed a letter that the WSWC sent to EPA and the Corps, setting forth a list of additional consensus comments on the rulemaking. The Western Governors' Association (WGA) sent a subsequent letter on March 25, 2014, that cited the WSWC's letter and urged the agencies to consult with the states individually and through the WGA before taking further action on the rulemaking.

The 90-day public comment period was extended to October 20, 2014, following requests from the WGA and other organizations for an extension. Following the rule's publication, EPA and the Corps engaged in a series of calls with the WSWC to discuss the states' questions and concerns about the rulemaking. WSWC Water Quality Committee Chair J.D. Strong of Oklahoma also testified on behalf of the WSWC and the WGA before the House Transportation and Infrastructure Committee regarding the rule on June 11, 2014.

The WSWC adopted Position #369 regarding CWA rulemaking efforts on July 18, 2014, during its summer meetings in Helena, Montana. The resolution replaces WSWC Position #330.5 and served as the basis of a comment letter the WSWC sent to EPA and the Corps on October 15, 2014. That letter called for the creation of a state-federal workgroup to refine and revise the rule and set forth a number of requested changes.

On June 29, 2015, the EPA and the Corps published their final rule in the Federal Register.

2016-2017: The Committee will continue to work with the Water Resources and Legal Committees through the Workgroup to follow and comment on the further development and/or implementation of the jurisdictional rule and other federal actions regarding CWA jurisdiction in accordance with the WSWC's positions.

Time Frame: Ongoing

CWA Rulemaking Workgroup: Michelle Hale (AK), Trisha Oeth (CO), Barry Burnell (ID), Tom Stiles (KS), Jennifer Verleger (ND), J.D. Strong (OK), Todd Chenoweth (TX), Walt Baker (UT), Laura Driscoll (WA), , and Bill DiRienzo (WY).

*See Item 2 of the Legal Committee Workplan

b. State Revolving Funds (SRFs) and Infrastructure Financing

Background: Over the years, some budget requests from the Administration have proposed cuts to the SRF programs. Various acts of Congress have also authorized or retained a number of limitations on the use of SRF funds, including but not limited to: (1) “Buy American” provisions for iron and steel; (2) requirements that between 20% and 30% of SRF funds be used for principal forgiveness, negative interest loans, or grants subject to additional provisions; and (3) requirements that states use at least 10% of their SRF funds for green infrastructure, water or energy efficiency improvements, or other “environmentally innovative” activities.

For FY 2017, the President’s budget request seeks \$2B for the Clean Water and Drinking Water SRFs. Legislation introduced in the 114th Congress (H.R. 4653) would reauthorize the SRF, with spending of up to \$3.1 billion for FY2017, increasing to \$5.5 billion in FY2021. The SRF authorization expired in 2003, but Congress has continued to fund the program, appropriating \$863 million in last year’s spending bill.

Work-to-Date: WSWC Position #364 urges the Administration and Congress to provide greater flexibility and fewer restrictions on state SRF management and stable and continuing appropriations to the SRF capitalization grants at funding levels that are adequate to help states address their water infrastructure needs. WGA resolution 2014-04 also supports the SRFs as “important tools” and requests greater flexibility and fewer restrictions on state SRF management.

2016-2017: The Committee will support the WGA and WSWC positions. In particular, WSWC staff will continue to update the Committee on developments within Congress and the Administration that have the potential to impact the SRFs. As needed, Committee members and WSWC staff will also meet with the Administration and Congress to further the objectives of the WGA and WSWC positions.

Time Frame: Ongoing

c. EPA’s Water Transfers Rule

Background: On March 28, 2014, the U.S. District Court for the Southern District Court of New York (SDNY) vacated the rule in *Catskills Mountain Chapter of Trout Unlimited v. EPA (Catskills II)*, 2014 U.S. Dist. LEXIS 42545 (S.D.N.Y., March 2014). Among other things, the court reasoned that many of the types of conveyances contemplated by the rule would not be considered navigable waters under the jurisdictional standards set forth in the U.S. Supreme Court’s *Rapanos* decision. The SDNY court further opined that language in the CWA regarding state rights and state primacy over water allocation

support an interpretation that allows for a federal role in water allocation. EPA has appealed this decision to the Second Circuit Court of Appeals, along with 11 western states¹ and a number of western water providers that have intervened in the action to uphold the rule. California has also filed an amicus brief in support of the rule.

On August 21, 2015 a Ninth Circuit panel affirmed (on other grounds) a district court decision in *Oregon Natural Resources Center Action v. U.S. Bureau of Reclamation*, that the Bureau of Reclamation was not required to obtain a Clean Water Act (CWA) §402 permit for waters transferred through a drain as part of the Klamath Irrigation Project. The lower court held that the Bureau of Reclamation was exempt from the permit requirement under the Environmental Protection Agency's (EPA) Water Transfers Rule, 40 CFR §122.3(i). The 9th Circuit panel relied instead on a subsequent "meaningfully distinct" test from a 2013 U.S. Supreme Court decision in *Los Angeles County Flood Control District v. Natural Resources Defense Council*, 133 S. Ct. 710. In that case, the Supreme Court held that "no pollutants are 'added' to a body of water when water is merely transferred between different portions of that water body." The panel found this a "simpler path" than deciding whether the Water Transfers Rule is properly within EPA's authority, as is the issue currently before the 2nd Circuit in *Catskills Mountains Chapter of Trout Unlimited v. EPA*, No. 14-01991.

Work-to-Date: Paragraph B(2)(c) of WGA Resolution #2014-04 and WSWC Position #342 generally support EPA's Water Transfers Rule (940 C.F.R. § 122.3(i)), which clarifies that water transfers from one "navigable" water to another are exempt from National Pollutant Discharge Elimination System (NPDES) permitting under Section 402 of the CWA. The rule states that transfers do not require NPDES permits if they do not add pollutants and if there is no intervening municipal, industrial, or commercial use between the diversion and the discharge of the transferred water.

2016-2017: The Committee and WSWC staff will: (1) continue to support the WGA and WSWC positions; (2) monitor any and all activities impacting EPA's rule, including but not limited to the Second Circuit litigation and possible efforts by EPA to reconsider the rule; (3) inform the WSWC of ongoing developments; and (4) take any other actions needed to support the WGA/WSWC positions regarding the rule.

Time Frame: Ongoing

d. Nutrients

Background: EPA's Office of Water is working to carry out a National Nutrient Strategy to accelerate state adoption of numeric water quality standards while building the scientific and technical infrastructure needed to develop new criteria to address nitrogen and phosphorus pollution.

On March 16, 2011, then EPA Acting Assistant Administrator for Water Nancy Stoner issued a memo to EPA's Regional Administrators to synthesize key principles regarding

¹ The 11 intervening states include: Alaska, the Arizona Department of Water Resources, Colorado, Idaho, Nebraska, Nevada, North Dakota, New Mexico, Texas, Utah, and Wyoming.

the agency's technical assistance and collaboration with states. The memo urged the regions to place new emphasis on working with states to achieve near-term reductions in nutrient loadings. Most notably, the memo provided a "Recommended Elements of a State Nutrients Framework" to serve as a tool to "...guide ongoing collaboration between EPA regions and states in their joint effort to make progress on reducing nitrogen and phosphorus pollution." It also asked each region to use the framework as a basis for discussions with interested and willing states, the goal of which would be to tailor the framework to particular state circumstances.

Work-to-Date: The Committee and WSWC staff have followed and updated the WSWC on EPA efforts involving nutrients. Various Committee meetings have also featured presentations from EPA and state officials on federal and state nutrient management efforts.

Paragraph B(3)(b) of WGA Resolution #2014-04 states that "...nutrients produced by non-point sources fall outside of NPDES jurisdiction and should not be treated like other pollutants that have clear and consistent thresholds over a broad range of aquatic systems and conditions." The WGA's resolution further states that states should have "sufficient flexibility" to utilize their own incentives and authorities to establish standards and control strategies to address nutrient pollution, rather than "being forced to abide by one-size-fits-all federal numeric criteria." According to the WGA's resolution, successful tools currently in use by states include best management practices, nutrient trading, and controlling other water quality parameters, among other "innovative" approaches.

2016-2017: The Committee and WSWC staff will monitor EPA's nutrient efforts and inform the WSWC of ongoing developments. It will also ensure that the WSWC's efforts do not duplicate those of the Association of Clean Water Administrators.

Time Frame: Ongoing

e. **Treatment as States Rulemaking Efforts**

Background: EPA is engaged in two separate, but related rulemaking efforts regarding the tribes' ability to obtain "treatment as states" (TAS) status under Section 518 of the CWA, which is needed for tribes to operate certain CWA regulatory programs.

The first effort involves the development of a possible interpretive rule that could do away with current requirements that tribes must demonstrate that they have inherent authority to operate CWA regulatory programs. EPA has indicated that such a reinterpretation would consider Section 518 to be an express delegation of authority from Congress. EPA conducted pre-proposal outreach with the states, including the WSWC in August 2014, and intends to publish an interpretive rule for public comment in mid-to-late 2015.

The second effort involves the development of a formal rule that will set forth the regulatory process by which tribes can obtain TAS status to operate the impaired water listing and total daily maximum daily load (TMDL) programs. EPA has indicated that Section 518 requires the development of the rule. The agency has also conducted pre-

proposal outreach with the states, including the WSWC in October 2014, and intends to publish a draft rule for public comment in mid-to-late 2015.

2016-2017: The Committee will continue to monitor these rulemakings and engage with EPA as appropriate.

Time Frame: Ongoing

f. Abandoned Hardrock Mine Remediation

Background: A number of Good Samaritan bills have been introduced in Congress over the years, including legislation introduced by Senator Mark Udall (D-CO). These bills have been unsuccessful due to concerns about the potential impacts of amending the CWA and perceptions that sufficient protections already exist under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). However, considerable uncertainty exists as to whether CERCLA and other existing authorities provide Good Samaritans with sufficient protection from third party lawsuits for sites in which there is a continuing discharge of pollutants as defined by the CWA.

In December 2012, the Environmental Protection Agency (EPA) issued a memorandum to clarify administrative protections for Good Samaritans. EPA's regulations require operators of sites that continue to discharge pollution after cleanup to obtain NPDES permits under the CWA. The memorandum clarifies that Good Samaritans who complete cleanup efforts pursuant to EPA policies will not be considered "operators" responsible for obtaining NPDES permits if they lack: (1) access and authority to enter the site; (2) an ongoing contractual agreement or relationship with the site owner to control discharges; (3) power or responsibility to make timely discovery of changes to the discharges; (4) power or responsibility to direct persons who control the mechanisms, if any, causing the discharges; and (5) power or responsibility to prevent and abate the environmental damage caused by the discharges. Nevertheless, the memorandum states that it "...does not address or resolve all potential liability associated with discharges from abandoned mines."

Work-to-Date: The WGA and WSWC have long supported legislation to amend the Clean Water Act (CWA) to protect authorized third parties, or "Good Samaritans," who voluntarily clean up abandoned hardrock mines, from inheriting perpetual liability for the site under the CWA (WGA Policy Resolution #13-05).

Over the past several years, the Committee has worked to support Good Samaritan legislation and other efforts to clean up abandoned hardrock mines, including multiple visits with Congress and the Administration, Congressional testimony in support of such legislation, and involvement in a WGA-organized Task Force focused on crafting an exemption for Good Samaritan activities by state governments.

2016-2017: The Committee will coordinate with the WGA and encourage efforts to clean up abandoned hardrock mines, including but not limited to enactment of Good Samaritan legislation and efforts to support utilization of EPA's 2012 memorandum. As part of this effort, the Committee will work with key Congressional members/staff,

Administration officials, and other stakeholders to develop and support efforts to clean up abandoned hardrock mines in accordance with the WGA's policies, including the possible development of a workgroup and/or workshop to bring together interested stakeholders to identify ways to facilitate abandoned hardrock mine remediation.

In addition to the above actions, the Committee will: (1) work with the Administration and Congress to provide liability protections to Good Samaritans under existing authorities; and (2) evaluate the prospects for Good Samaritan legislation.

Time Frame: Ongoing