

DRAFT
WATER QUALITY COMMITTEE
WORK PLAN
July 1, 2020 to June 30, 2021

1. WATER QUALITY/QUANTITY NEXUS

Background: Western Governors' Association (WGA) Policy Resolution 2018-08, Water Resource Management in the West, 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 preserve state authority to manage water through policies which recognize state law and the financial, environmental and social values of water to citizens of western states today and in the future." (Paragraph (B)(3), emphasis added)

Work-to-Date: 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 (WQ2) 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.

During the WSWC October 2019 meeting in Breckenridge, Colorado the Committee heard a presentation from Alex Davis, Deputy Director of Water Resources for the City of Aurora about the city's challenges related to the water quantity-quality nexus and the complex efforts to ensure adequate source water protection across several water basins.

2020-2021: The Committee supports WGA Resolution 2018-08, and directs staff to follow up on the next steps recommended in the 2015 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) 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; and (3) provide updated information from states on current water quality-water quantity issues at Council meetings. Initial conversations with the subcommittee have occurred.

Time Frame: Ongoing

WQ2 Nexus Workgroup: Kent Woodmansey (SD), Tom Stiles (KS), David Schade (AK)

2. CLEAN WATER ACT ISSUES

There are several 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: On January 23, 2020, the Environmental Protection Agency and the Army Corps of Engineers finalized the Navigable Waters Protection Rule to create a new definition of protected waters consistent with the opinion of Justice Scalia in *Rapanos v. United States*, 547 U.S. 715 (2006). The rule defines four categories of waters subject to federal jurisdiction:

- Territorial seas and traditional navigable waters
- Perennial and intermittent tributaries to those waters
- Certain lakes, ponds, and impoundments
- Wetlands adjacent to jurisdictional waters

There are 12 exclusions that narrow the scope of the new rule compared to the 2015 Waters of the United States (WOTUS) rule and prior laws and guidance.

The new rule comes about after Executive Order 13788, Restoring the Rule of Law, Federalism, and Economic Growth by Reviewing the “Waters of the United States” Rule was signed by President Trump on February 28, 2017. EPA and the Corps engaged in various levels of outreach in 2017 and 2018, including a State Co-Regulators meeting on March 8-9, 2017 that the WSWC Executive Director and representatives from Arizona, Oregon, and Wyoming participated in. The 2015 WOTUS rule was formally repealed on December 23, 2019, which re-codified the 1986 WOTUS definition to be informed by applicable guidance documents, legal definitions, and longstanding agency action (84 FR 56626). These documents will be used for WOTUS reviews until the new rule is implemented.

The final rule was published in the Federal Register on XXX (FR#)

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 March 2014, the WSWC sent another letter to EPA and the Corps, setting forth a list of additional consensus comments on the rulemaking. 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 WSWC adopted Position #369 regarding CWA rulemaking efforts on July 18, 2014, during its summer meetings in Helena, Montana. The resolution 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 several requested changes. This Position was revised and readopted as #410 during WSWC summer meetings in Rohnert Park, California in 2017. In anticipation of the new proposed rule, the position was revised and readopted as #427 during WSWC fall meetings in Coeur d'Alene, Idaho in 2018. The State of Washington abstained from the vote. On April 12, 2019, WSWC submitted a comment letter with Position #427 to the proposed rule docket.

2020-2021: The Committee will continue to work with the Water Resources and Legal Committees through the Workgroup to understand and share how states are affected by and dealing with the changes to the “waters of the United States” definition.

Time Frame: Ongoing

CWA Rulemaking Workgroup: Tom Stiles (KS), Jennifer Verleger (ND), Julie Cunningham (OK), Todd Chenoweth (TX), Laura Driscoll (WA), Jennifer Carr (NV), and Kevin Frederick (WY).

*See **Item 2** of the Legal Committee Workplan

b. Water Reuse

Background: In 2011, the WSWC prepared a report summarizing state responses to survey questions on water reuse standards, regulations, issues, projects and funding titled “Water Reuse in the West: State Programs and Institutional Issues.” Given that it has been nearly a decade since those responses were compiled, the Committee decided to update the report. At the October 2019 meeting in Breckenridge, the Committee expressed interest in coordinating survey responses with the Association of Clean Water Administrators (ACWA) and other organizations. Additionally, the Environmental Protection Agency recently unveiled their Water Reuse Action Plan (WRAP), a collaborative effort across federal agencies, water organizations and the private water sector. This is the first of its magnitude, intended to innovate, scale and implement water reuse technologies and policies. The WRAP identifies 37 actions and 200 implementation milestones. WSWC’s and ACWA’s survey update will help implement action 2.2.1: Compile Existing State Policies and Approaches to Water Reuse.

Work-to-Date: From November 2019 – January 2020, WSWC staff and council members worked with ACWA and other organizations to update survey questions. These questions are somewhat different from the 2011 questions and will provide a comprehensive picture of what is happening in water reuse across the states. The survey was sent out on February 4, 2020, together with each state’s response from 2011. New responses are requested by April 30, 2020.

2020-2021: The staff will compile responses for WSWC states and prepare a draft report for Committee review. In conjunction with ACWA, staff will work to develop a report that reflects water reuse policies and practices nationwide. This joint product could be something we potentially seek to publish in a national water policy journal.

Time Frame: 2020-2021

c. State Revolving Funds (SRFs) and Infrastructure Financing

Background: The Clean Water and Drinking Water SRFs provide states with capitalization grants that are leveraged with state contributions to offer financial assistance to cities, towns, communities and others to improve and construct water quality infrastructure. These programs are widely used and have been critically important for improving and maintaining water infrastructure at the local level. 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: (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.

When Congress enacted the Water Infrastructure Finance and Innovation Act (WIFIA) in 2014, there was some concern that the subsequent WIFIA loan and guarantee program would redirect critical funds from the SRF programs. Thus far, this has not been the case (see table below). Since 2017, the WIFIA program has invited a total of 89 projects to apply for funding, with over \$13B in financing requests. SRFs have access to this funding and are also able to jointly fund projects in conjunction with WIFIA loans. In 2019, both types of funding mechanisms were used by projects. To date, 16 WIFIA loans have been closed totaling over \$3.5B in credit assistance to help finance \$8B for water infrastructure projects and create 16,000 jobs.

Congressional Appropriations for Water Infrastructure (FY2017-19), in millions

	Clean Water SRF & Title II	Drinking Water SRF	WIFIA
FY2017	\$1,393.9	\$863.2	\$30.0
FY2018	\$1,696.9	\$1,163.2	\$63.0
FY2019	\$1,694.0	\$1,164.0	\$68.0

Source: Congressional Research Service Report R43871

Work-to-Date: During the July 2018 meeting in Newport, Oregon, the Committee heard reports from Kansas and Washington on the process they went through to apply for WIFIA loans during the first round, and on the water projects that were built with these low-interest loans. Since then, projects in member states Arizona, California, Nebraska, North Dakota, Oklahoma, Oregon and Utah have been funded. Overall, WIFIA funded

projects are larger than typical SRF-funded projects, while both programs prioritize those that are shovel-ready and credit-worthy.

WSWC Position #404 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 and meet federal mandates. WGA Policy Resolution 2018-12, Water Quality in the West, also supports the SRFs as “important tools” and requests greater flexibility and fewer restrictions on state SRF management.

2020-2021: The Committee will continue to support the WGA and WSWC positions. WSWC staff will update the Committee on developments within Congress and the Administration that have potential to impact SRFs. As needed, Committee members and WSWC staff will meet with the Administration and Congress officials to further the objectives of the WGA and WSWC positions. Some topics for discussion include state experiences with Buy American and Davis-Bacon, whether there are otherwise eligible entities, but for the limitations, and how many are walking away from SRFs because of these restrictions, as well as options for a right of first refusal by the SRFs prior to funding projects through WIFIA.

Time Frame: Ongoing

d. EPA’s Water Transfers Rule

Background: On January 18, 2017, the 2nd Circuit upheld the EPA’s Water Transfers Rule, 40 CFR §122.3(i), in *Catskills Mountains Chapter of Trout Unlimited v. EPA*, No. 14-01991. The Court of Appeals reversed the decision of the U.S. District Court for the Southern District of New York, which previously vacated the EPA’s rule. On February 26, 2018, the Supreme Court denied the petition for certiorari, allowing the Water Transfers Rule to stand.

WGA Policy Resolution 2018-12 (paragraph B(2)(c)) and WSWC Position #424 support EPA’s Water Transfers Rule, 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.

Work-to-Date: Efforts are underway to codify the Water Transfers Rule, seeking support from WGA, WSWC, and other state organizations. On February 18, 2020, WGA sent a letter to the Committee on Energy and Natural Resources in support of the Drought Resiliency and Water Supply Infrastructure Act (S. 1932), in which it suggested including language to affirm the rule in federal statute in order to “add a needed measure of stability and certainty to western water planning and drought mitigation efforts.”

2020-2021: 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 future 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

e. Nutrients

Background: EPA's Office of Water released the Nancy Stoner memo *Working in Partnership with States to Address Phosphorus and Nitrogen Pollution through Use of a Framework for State Nutrient Reductions* on March 16, 2011, and the Joel Beauvais memo *Renewed Call to Action to Reduce Nutrient Pollution and Support for Incremental Actions to Protect Water Quality and Public Health* on September 22, 2016.

The Beauvais memo highlights the continued need for action by states and other stakeholders to reduce the threat of nutrients to water quality and public health by:

- Reducing nitrates in sources of drinking water and nitrogen and phosphorus pollution contributing to harmful algal blooms;
- Reducing nutrients from point and nonpoint sources;
- Prioritizing watersheds and setting load reductions;
- Strengthening water quality standards;
- Highlighting high priority incremental actions of states;
- Issuing biennial reports that assess progress and provide accountability, and
- Encouraging EPA to continue to provide support and financial assistance.

Work-to-Date: The Committee and WSWC staff continue to follow and update the WSWC on EPA efforts involving nutrients. Various Committee meetings have featured presentations from EPA and state officials on federal and state nutrient management efforts. At the October 2019 meeting in Breckenridge, the Committee heard from Jennifer Carr, Deputy Administrator of the Nevada Division on Environmental Protection, on multi-agency coordination on harmful algal blooms in several water bodies in Nevada.

Remote sensing is also becoming an increasingly important method for monitoring water quality and water supplies. Landsat 8 can provide images in near-real time that provide water quality managers with information on where harmful algal blooms may be forming and allows them to rapidly respond. WSWC was instrumental in ensuring Landsat 8 was equipped with the data collection tools needed for these assessments.

On August 14, 2019, EPA and USDA co-hosted a workshop titled Innovative Financing Strategies for Reducing Nutrients. The workshop explored private, state, and federal funds that could be combined and leveraged for nutrient reduction projects, and ways that the agencies could increase funding opportunities and awareness of innovative

funding approaches.

2020-2021: The Committee and WSWC staff will monitor and update the Council on any changes to EPA's nutrient efforts, including those related to Harmful Algal Blooms (HABs) and cyanotoxin criteria. Each state is encouraged to develop its own strategy to control nutrient pollution. The Committee will ask states with a strategy to share highlights from their nutrient and HABs strategies and efforts that they think could benefit other Council member states. The Association of Clean Water Administrators has a Nutrients Reduction Progress Tracker that has some state strategies that the Committee can use as a starting point.

Time Frame: Ongoing

f. Section 401 Certifications

Background: In early 2019, WSWC and WGA became aware of a potential executive order from the White House to address energy infrastructure development that would have included provisions affecting the implementation of state water quality certification programs under Section 401 of the CWA. This was in response to denials by some states, based on section 401 authority, for permits to build energy infrastructure that would allow other states to export coal and natural gas. WGA sent a letter strongly opposing "any changes to agency rules, guidance, or policy that may diminish, impair, or subordinate states' well-established sovereign and statutory authorities to protect water quality within their boundaries."

On April 10, 2019, President Trump issued an Executive Order 13878, Promoting Energy Infrastructure and Economic Growth, in which EPA was directed to review regulations and guidance, in consultation with states, tribes, and federal agencies, on state certification under section 401. WSWC and WGA submitted comments during the pre-proposal period in April and May 2019 expressing continued concern over changes to section 401. Following this consultation, EPA released new guidance on implementing 401, including statutory and regulatory timelines for 401 certification requests, the appropriate scope of 401 certification conditions, and the scope of a state or authorized tribe's 401 review. In early August, the Corps also released guidance on "Timeframes for Clean Water Act Section 401 Water Quality Certifications and Clarifications of Waiver Responsibility," establishing a 60-day window for 401 certification review by the states, despite statutory allowance of a year-long timeframe the state agencies have to act.

On August 22, 2019, EPA issued a proposed rule to include definitions of various terms to provide greater clarity. The rule limited the scope of certification to assuring that any discharge from a federal project will comply with state and federal water quality requirements. It would replace the states' required "complete application," which varied by state, with a nationally-applicable "certification request," the submission of which would trigger the statutory clock to complete the certification process. It would also require justification for conditions imposed on licenses or permits, and limit

conditions only to water-related concerns. The public comment period closed on October 21, 2019. A final rule is slated to be issued in May 2020.

Work-to-Date: The WSWC has been closely following this issue, given the implications for state authority over water quality certification requests provided under Section 401. The Council submitted numerous letters to the Administration and Congress, and formal comments during the public comment periods both individually and in conjunction with WGA and other stakeholders. Overall, these comments emphasized the critical importance of cooperative federalism, respecting state sovereign authority to protect water quality within their boundaries, and recognized that states and localities are in the best position “to design and implement regulatory strategies and certification programs to protect human health and the environment in a manner that appropriately accounts for local needs and conditions.”

2020-2021: The Committee and staff will continue to closely monitor the rulemaking and provide updates when the final rule is published. The Committee will also consider co-hosting a workshop or webinar with the Legal Committee on how individual states will be affected by and responding to changes in Section 401 authority.

Timeframe: 2020-21

g. Tribal Treatment as States

Background: In 2016, EPA finalized two separate but related rulemaking efforts regarding the tribes’ ability to obtain “treatment as states” (TAS) status under CWA Section 518, necessary for delegation of regulatory programs to the tribes. The first involved an interpretive rule regarding inherent authority of tribes, considering CWA Section 518 an express delegation of authority from Congress. The second rule sets forth a regulatory process for TAS status to operate impaired listing and total maximum daily load (TMDL) programs. WSWC and various states sent letters commenting on concerns with how the programs would be implemented.

EPA also engaged in a pre-rulemaking outreach to states, tribes, and other stakeholders, soliciting input on setting federal baseline water quality standards for tribes without TAS status. WSWC submitted comments in December 2016. EPA heard from 12 tribal governments and associations and 11 state officials, agencies and associations, among others, and reported that most tribes were largely supportive while most states raised concerns. Currently, the proposed rulemaking is still part of the Regulatory Plan though no actions are in the pipeline.

2020-2021: The Committee will continue to monitor these rulemakings and their implementation and engage with EPA as appropriate.

Time Frame: Ongoing

h. Abandoned Hardrock Mine Remediation

Background: The West has an undetermined number of abandoned hardrock mines that have the potential to or unknowingly already do affect water quality. “Good Samaritan” bills have been introduced in Congress over the years to protect public entities that are willing to voluntarily clean up these sites from legal liability under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the CWA. These bills have been unsuccessful due to concerns about the potential impacts of amending the CWA and perceptions that sufficient protections already exist under CERCLA. However, considerable uncertainty exists as to whether CERCLA and other existing authorities provide Good Samaritans with sufficient protection.

In December 2012, EPA issued a memorandum to clarify administrative protections for Good Samaritans. It clarified 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 CWA to protect Good Samaritans from inheriting perpetual liability for the site under the CWA (WGA Policy Resolution 2018-11 and 2018-12, Paragraph (B)(5)).

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 former WGA-organized Task Force focused on crafting an exemption for Good Samaritan activities by state governments.

2020-2021: The Committee will continue to 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. 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 reactivation of a workgroup and/or developing a workshop to bring together interested stakeholders to identify ways to facilitate abandoned hardrock mine remediation.

Time Frame: Ongoing

3. 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.”

In December 2016, EPA published its report, Hydraulic Fracturing for Oil and Gas: Impacts from the Hydraulic Fracturing Water Cycle on Drinking Water Resources in the United States, available at <https://cfpub.epa.gov/ncea/hfstudy/recordisplay.cfm?deid=332990>

On December 28, 2017, BLM rescinded the 2015 hydraulic fracturing rule, noting that “all 32 of the 32 states with federal oil and gas leases have regulations that address hydraulic fracturing” and that “since the 2015 final rule was published, more companies are using state regulatory agencies and/or databases such as FracFocus to disclose the chemical content of hydraulic fracturing fluids.” Litigation pending in the U.S. District Court for the Northern District of California (*California v. Bureau of Land Mgmt.*, #18-521) seeks to vacate the rescission and reinstate all of the 2015 rule’s provisions. The Court heard arguments on motions for summary judgment in February 2020, and a decision is still pending.

The Western Governors’ Association (WGA) Resolution #2018-12 and WSWC Position #393 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.

2020-2021: 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 use 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: 2016-2020, pending available staff time and resources.