

TABLE VII-2.—ANNUAL COMPLIANCE COSTS FOR THE PROPOSED LT2ESWTR BY SYSTEM SIZE AND TYPE  
[\$Millions, 2000\$]

System type	System size (population served)					Total
	<100	101–500	501–1,000	1,001–3,300	3,301–10,000	
Public owned .....	\$0.46	\$0.88	\$0.94	\$2.62	\$5.57	\$10.37
Privately owned .....	1.00	0.71	0.22	0.31	0.36	2.60
All systems .....	1.45	1.59	1.07	2.92	5.93	12.97

Note: Results are based on the mean of the Information Collection Rule *Cryptosporidium* occurrence distribution. Costs are annualized at a three percent discount rate.

Source: Appendix D and Q of the LT2ESWTR EA (USEPA 2003a).

Although this proposed rule will not have a significant economic impact on a substantial number of small entities, EPA nonetheless has tried to reduce the impact of this rule on small entities. The LT2ESWTR contains a number of provisions to minimize the impact of the rule on systems generally, and on small systems in particular. The risk-targeted approach of the LT2ESWTR will impose additional treatment requirements only on the subset of systems with the highest vulnerability to *Cryptosporidium*, as indicated by source water pathogen levels. This approach will spare the majority of systems from the cost of installing additional treatment. Also, development of the microbial toolbox under the LT2ESWTR will provide both large and small systems with broad flexibility in selecting cost-effective compliance options to meet additional treatment requirements.

Small systems will monitor for *E. coli* as a screening analysis for source waters with low levels of fecal contamination. *Cryptosporidium* monitoring will only be required of small systems if they exceed the *E. coli* trigger value. Because *E. coli* analysis is much cheaper than *Cryptosporidium* analysis, the use of *E. coli* as a screen will significantly reduce monitoring costs for the majority of small systems. In order to allow EPA to review *Cryptosporidium* indicator relationships in large system monitoring data, small systems will not be required to initiate their monitoring until large system monitoring has been completed. This will provide small systems with additional time to become familiar with the rule and to prepare for monitoring and other compliance activities.

Funding would be available from programs administered by EPA and other Federal agencies to assist small public water systems (PWSs) in complying with the LT2ESWTR. The Drinking Water State Revolving Fund (DWSRF) assists PWSs with financing the costs of infrastructure needed to achieve or maintain compliance with

SDWA requirements. Through the DWSRF, EPA awards capitalization grants to States, which in turn can provide low-cost loans and other types of assistance to eligible PWSs. Loans made under the program can have interest rates between 0 percent and market rate and repayment terms of up to 20 years. States prioritize funding based on projects that address the most serious risks to human health and assist systems most in need. Congress provided \$1.275 billion for the DWSRF program in fiscal year 1997, and has provided an additional \$3.145 billion for the DWSRF program for fiscal years 1998 through 2001.

The DWSRF places an emphasis on small and disadvantaged communities. States must provide a minimum of 15% of the available funds for loans to small communities. A State has the option of providing up to 30% of the grant awarded to the State to furnish additional assistance to State-defined disadvantaged communities. This assistance can take the form of lower interest rates, principal forgiveness, or negative interest rate loans. The State may also extend repayment terms of loans for disadvantaged communities to up to 30 years. A State can set aside up to 2% of the grant to provide technical assistance to systems serving communities with populations fewer than 10,000.

In addition to the DWSRF, money is available from the Department of Agriculture's Rural Utility Service (RUS) and Housing and Urban Development's Community Development Block Grant (CDBG) program. RUS provides loans, guaranteed loans, and grants to improve, repair, or construct water supply and distribution systems in rural areas and towns of up to 10,000 people. In fiscal year 2002, RUS had over \$1.5 billion of available funds for water and environmental programs. The CDBG program includes direct grants to States, which in turn are awarded to smaller communities, rural areas, and colon as

in Arizona, California, New Mexico, and Texas and direct grants to U.S. territories and trusts. The CDBG budget for fiscal year 2002 totaled over \$4.3 billion.

Although not required by the RFA to convene a Small Business Advocacy Review (SBAR) Panel because EPA determined that this proposal would not have a significant economic impact on a substantial number of small entities, EPA did convene a panel to obtain advice and recommendations from representatives of the small entities potentially subject to this rule's requirements.

Before convening the SBAR Panel, EPA consulted with a group of 24 small entity stakeholders likely to be impacted by the LT2ESWTR and who were asked to serve as Small Entity Representatives (SERs) after the Panel was convened. The small entity stakeholders included small system operators, local government representatives, and representatives of small nonprofit organizations. The small entity stakeholders were provided with background information on SDWA and potential alternatives for the LT2ESWTR in preparation for teleconferences on January 28, 2000, February 25, 2000, and April 7, 2000. This information package included data on preliminary unit costs for treatment enhancements under consideration.

During these three conference calls, the information that had been provided to the small entity stakeholders was discussed and EPA responded to questions and recorded initial comments. Following the three calls, the small entity stakeholders were asked to provide input on the potential impacts of the rule from their perspective. Seven small entity stakeholders provided written comments on these materials.

The SBAR Panel convened on April 25, 2000. The small entity stakeholders comments were provided to the SBAR Panel when it convened. After a teleconference between the SERs and the SBAR Panel on May 25, 2000, the SERs were invited to provide additional