

comments on the information provided. Seven SERs provided additional comments on the rule components.

The SBAR Panel's report, Final Report of the Small Business Advocacy Review Panel on Stage 2 Disinfectants and Disinfection Byproducts Rule (Stage 2 DBPR) and Long Term 2 Enhanced Surface Water Treatment Rule (LT2ESWTR) (USEPA 2000f), the SERs comments on the LT2ESWTR, and the background information provided to the SBAR Panel and the SERs are available for review in the docket for today's proposal (<http://www.epa.gov.edocket/>).

In general, the SERs who were consulted on the LT2ESWTR were concerned about the impact of these proposed rules on small water systems, the ability of small systems to acquire the technical and financial capability to implement requirements while maintaining flexibility to tailor the requirements to their needs, and the limitations of small systems. The SBAR Panel evaluated information and small-entity comments on issues related to the impact of the LT2ESWTR.

The LT2ESWTR takes into consideration the recordkeeping and reporting concerns identified by the SBAR Panel and the SERs. The SBAR Panel recommended that EPA evaluate ways to minimize the recordkeeping and reporting burdens under the rule by ensuring that the States have appropriate capacity for rule implementation, and that EPA provide as much monitoring flexibility as possible to small systems. EPA believes that the continuity with the IESWTR and LT1ESWTR was maintained to the extent possible to ease the transition to the LT2ESWTR, especially for small systems. The LT2ESWTR builds on the protection afforded under the IESWTR and LT1ESWTR, while minimizing the impact on small systems by using a risk-targeted approach (*i.e.*, source water monitoring) to identify systems that are still at risk from *Cryptosporidium* exposure.

The SBAR Panel noted the concern of several SERs that flexibility be provided in the compliance schedule of the rule. SERs commented on the technical and financial limitations of some small systems, the significant learning curve for operators with limited experience, and the need to continue providing uninterrupted service as reasons why additional compliance time may be needed for small systems. The SBAR Panel encouraged EPA to keep these limitations in mind in developing the proposed rule and provide as much compliance flexibility to small systems as is allowable under SDWA.

EPA has concluded that the proposed schedule for the LT2ESWTR provides sufficient time for small systems to achieve compliance. The schedule for small system monitoring and compliance with additional treatment requirements lags behind the schedule for large systems. The basis for the lagging schedule for small systems is that it allows EPA to confirm or refine the *E. coli* screening criteria that small systems will use to reduce monitoring costs. However, the lagging schedule also provides greater time for small systems to become knowledgeable about the LT2ESWTR, including the new monitoring requirements, and to become familiar with innovative technologies, like UV, that may be used by some small systems to meet additional treatment requirements.

Some SERs emphasized that EPA needs to maintain an appropriate balance between control of known microbial risks through adequate disinfection and for the more uncertain risks that may be associated with DBPs. The SBAR Panel did not foresee any potential conflict between rules regulating control of microbial contaminants and those regulating DBPs. EPA also believes that today's proposal and the accompanying proposed Stage 2 DBPR achieve an appropriate balance between microbial and DBP risks. The profiling and benchmarking requirements described in section IV.D of this preamble will ensure that systems maintain protection against pathogens as they make treatment changes to control the formation of DBPs.

The SBAR Panel considered a wide range of options and regulatory alternatives for providing small businesses with flexibility in complying with the LT2ESWTR. The SBAR Panel was concerned with the option of an across-the-board additional *Cryptosporidium* inactivation requirement because of the potential high cost to small systems and the uncertainty regarding the extent to which implementation of the LT1ESWTR will adequately address *Cryptosporidium* contamination at small systems. The SBAR Panel noted that, at the time, the Stage 2 M-DBP Federal Advisory Committee was exploring a targeted approach to *Cryptosporidium* control based on limited monitoring and system assessment, which would identify a subset of vulnerable systems to provide additional treatment in the range of 0.5-to 2.5-log reduction. Further, this approach would allow *E. coli* monitoring in lieu of *Cryptosporidium* monitoring as a screening device for small systems. The

SBAR Panel was also encouraged by recent developments suggesting that UV is a viable, cost-effective means of fulfilling any additional inactivation requirements.

The SBAR Panel recommended that, in developing any additional inactivation requirements based on a targeted approach, EPA carefully consider the potential impacts on small systems and attempt to structure the regulatory requirements in a way that would minimize burden on this group. The SBAR Panel supported *E. coli* as an indicator parameter if additional monitoring is required. The SBAR Panel further recommended that, among the options EPA analyzes, the Agency also evaluate the option of not imposing any additional *Cryptosporidium* control requirements on small systems at this time, as it considers various options to address microbial concerns. Under this option, EPA would evaluate the effects of LT1ESWTR, once implemented, and then consider whether to impose additional requirements during its next 6-year review of the standard, as required by SDWA.

EPA considered these recommendations and has concluded that available information on the health risk associated with *Cryptosporidium* in drinking water warrant moving forward with today's proposal to address higher risk systems. In developing the proposed LT2ESWTR, EPA has implemented the Advisory Committee's recommendations to minimize burden on small systems. Specifically, the risk-targeted treatment requirements will substantially reduce overall costs for small systems in comparison to requiring additional treatment by all systems, and the use of *E. coli* screening will allow most small systems to avoid the cost of *Cryptosporidium* monitoring. Consequently, the Agency has concluded that today's proposal achieves an appropriate balance between public health protection and limiting the economic burden imposed on small entities.

We continue to be interested in the potential impacts of the proposed rule on small entities and welcome comments on issues related to such impacts.

D. Unfunded Mandates Reform Act

1. Summary of UMRA Requirements

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Public Law 104-4, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and Tribal governments and the private sector. Under section 202 of UMRA,