

EPA generally must prepare a written statement, including a cost-benefit analysis, for proposed and final rules with "Federal mandates" that may result in expenditures to State, local and Tribal governments, in the aggregate, or to the private sector, of \$100 million or more in any one year. Before promulgating an EPA rule for which a written statement is needed, section 205 of the UMRA generally requires EPA to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, most cost-effective or least burdensome alternative that achieves the objectives of the rule. The provisions of section 205 do not apply when they are inconsistent with applicable law. Moreover, section 205

allows EPA to adopt an alternative other than the least costly, most cost-effective or least burdensome alternative if the Administrator publishes with the final rule an explanation why that alternative was not adopted.

Before EPA establishes any regulatory requirements that may significantly or uniquely affect small governments, including Tribal governments, it must have developed under section 203 of the UMRA a small government agency plan. The plan must provide for notifying potentially affected small governments, enabling officials of affected small governments to have meaningful and timely input in the development of EPA regulatory proposals with significant Federal intergovernmental mandates,

and informing, educating, and advising small governments on compliance with the regulatory requirements.

2. Written Statement for Rules With Federal Mandates of \$100 Million or More

EPA has determined that this rule contains a Federal mandate that may result in expenditures of \$100 million or more for State, local, and Tribal governments, in the aggregate, or the private sector in any one year. Accordingly, EPA has prepared under section 202 of the UMRA a written statement which is summarized in this section. Table VII-3 illustrates the annualized public and private costs for the LT2ESWTR.

TABLE VII-3.—PUBLIC AND PRIVATE COSTS OF THE PROPOSED LT2ESWTR

	Range of annualized costs (Million \$, 2000\$)		Percent of total cost
	3% Discount rate	7% Discount rate	
PWS Costs	\$45.7–69.0	\$50.2–75.2	62.2–62.4
State Costs	0.9–1.0	1.2–1.2	1.3–0.9
Tribal Costs	0.1–0.2	0.1–0.2	0.1–0.1
Total Public Costs	46.7–70.1	51.5–76.6	63.6–63.4
Total Private Costs	26.8–40.4	29.4–44.1	36.4–36.6
Total Costs	73.5–110.5	80.9–120.7	100.0–100.0

Note: The ranges represent the ICRSSL (lowest) and Information Collection Rule (highest) modeled *Cryptosporidium* occurrence distributions. Detail may not add due to independent rounding.
Source: The LT2ESWTR Economic Analysis (USEPA 2003a).

A more detailed description of this analysis is presented in Economic Analysis for the LT2ESWTR (USEPA 2003a).

a. *Authorizing legislation.* As noted in section II, today's proposed rule is promulgated pursuant to section 1412 (b)(1)(A) of the Safe Drinking Water Act (SDWA), as amended in 1996, which directs EPA to promulgate a national

primary drinking water regulation for a contaminant if EPA determines that the contaminant may have an adverse effect on the health of persons, occurs in public water systems with a frequency and at levels of public health concern, and regulation presents a meaningful opportunity for health risk reduction.

b. *Cost-benefit analysis.* Section VI of this preamble discusses the cost and

benefits associated with the LT2ESWTR. Details are presented in the Economic Analysis for the LT2ESTWR (USEPA 2003a). For the LT2ESWTR proposal, EPA quantified costs and benefits for four regulatory alternatives. The four alternatives are described in section VI. Table VII-4 summarizes the range of annual costs and benefits for each alternative.

TABLE VII-4.—ANNUAL BENEFITS AND COSTS OF RULE ALTERNATIVES
[\$Million]

Regulatory Alternative	Enhanced COI range of annualized benefits (3%)	Traditional COI range of annualized benefits (3%)	Enhanced COI range of annualized benefits (7%)	Traditional COI range of annualized benefits (7%)	Range of annualized costs (3%)	Range of annualized costs (7%)
Alternative A1	\$457–1,492	\$305–989	\$389–1,260	\$260–845	\$361	\$388
Alternative A2	397–1,461	268–977	338–1,243	229–834	100–134	108–145
Alternative A3						
(Preferred Alternative)	374–1,445	253–967	318–1,230	216–826	73–111	81–121
Alternative A4	328–1,349	225–907	279–1,148	192–775	37–59	41–65

Source: The LT2ESWTR Economic Analysis (USEPA 2003a).

c. *Estimates of future compliance costs and disproportionate budgetary effects.* To meet the UMRA requirement

in section 202, EPA analyzed future compliance costs and possible disproportionate budgetary effects. The

Agency believes that the cost estimates, indicated earlier and discussed in more detail in section VI of this preamble,