

B. State Recordkeeping Requirements

The current regulations in § 142.14 require States with primacy to keep various records, including analytical results to determine compliance with MCLs, MRDLs, and treatment technique requirements; system inventories; State approvals; enforcement actions; and the issuance of variances and exemptions. The proposed Stage 2 DBPR requires that the State keep records related to any decisions made pursuant to the requirements in subparts U and V, plus copies of IDSE reports submitted by systems until those reports are reversed or revised in their entirety. Today's proposal also includes a revision to the State recordkeeping requirements that requires States to maintain records of DBP monitoring plans submitted by public water systems until superceded by a new system monitoring plan.

C. State Reporting Requirements

EPA currently requires in § 142.15 that States report information such as violations, variance and exemption status, and enforcement actions to EPA. The proposed Stage 2 DBPR will not add any additional reporting requirements.

D. Interim Primacy

On April 28, 1998, EPA amended its State primacy regulations at 40 CFR 142.12 to incorporate the new process identified in the 1996 SDWA Amendments for granting primary enforcement authority to States while their applications to modify their primacy programs are under review (63 FR 23362) (USEPA 1998j). The new process grants interim primary enforcement authority for a new or revised regulation during the period in which EPA is making a determination with regard to primacy for that new or revised regulation. This interim enforcement authority begins on the date of the complete primacy application submission or the effective date of the new or revised State regulation, whichever is later, and ends when EPA makes a final determination. However, this interim primacy authority is only available to a State that has primacy for every existing NPDWR in effect when the new regulation is promulgated.

As a result, States that have primacy for every existing NPDWR already in effect may obtain interim primacy for this rule, beginning on the date that the State submits the application for this rule to EPA, or the effective date of its revised regulations, whichever is later. In addition, a State which wishes to obtain interim primacy for future

NPDWRs must obtain primacy for this rule.

E. IDSE Implementation

As discussed in section V.J., many systems will be performing certain IDSE activities prior to their State receiving primacy. During that period, EPA will act as the primacy agency, but will consult and coordinate with individual States to the extent practicable and to the extent that States are willing and able to do so. In addition, prior to primacy, States may be asked to assist EPA in identifying and confirming systems that are required to comply with certain IDSE activities. Once the State has received primacy, it will become responsible for IDSE implementation activities.

F. State Burden

Section VII of today's document contains an analysis of the burden that this rule will place on States in receiving primacy and implementing this rule.

G. Request for Comment

EPA requests comment on the State implementation requirements including the special primacy requirements.

VII. Economic Analysis

This section summarizes the Health Risk Reduction and Cost Analysis (HRRCA) in support of the Stage 2 DBPR as required by section 1412(b)(3)(C) of the 1996 SDWA. In addition, under Executive Order 12866, Regulatory Planning and Review, EPA must estimate the costs and benefits of the Stage 2 DBPR in an Economic Analysis (EA). EPA has prepared an EA to comply with the requirements of this order and the SDWA Health Risk Reduction and Cost Analysis (HRRCA) (USEPA 2003i). SDWA (Section 1412 (b)(4)(C)) also requires the Agency to determine that the benefits of the promulgated rule would justify the costs of compliance. The proposed EA is available in the docket and is also published on the Agency's web site: <http://www.epa.gov/edocket>.

It is important to note that the regulatory options considered by the Agency are the direct result of an Advisory Committee process that involved various drinking water stakeholders. More information on this process is discussed in sections II and V of today's preamble.

In order to analyze both benefits and costs of the proposed rule and other regulatory alternatives considered by the Agency, EPA relied on several data sources to understand DBP occurrence, an analytical model to predict treatment

changes and changes in DBP occurrence, and input and analysis from expert technical review panels to assist with model validation and technology selection. A brief description of the process is outlined in section VII.E. but a more detailed explanation of the analytical process is in the EA for the proposed Stage 2 DBPR (USEPA 2003i).

The Stage 2 DBPR economic impact analysis uses a model, (referred to as the Surface Water Analytical Tool or SWAT) and information collected under the Information Collection Rule to make predictions about finished water and delivered water DBP levels, as well as predicting technology changes necessary for systems to comply with rule alternatives. Specifically, SWAT estimates post-Stage 1 DBPR (pre-Stage 2) and post-Stage 2 DBPR DBP levels and likely technology choices by the industry to achieve compliance. For smaller systems and for all ground water systems, expert panels considered occurrence data and current treatment technology specific to these systems and used this information to predict technology treatment changes that may result from this proposed rule.

Both benefits and costs are presented as annualized values. The process allows comparison of cost and benefit streams that are variable over a given time period. The time frame used for both benefit and cost comparisons is 25 years; approximately five years account for rule implementation and 20 years for the average useful life of the equipment. The Agency uses social discount rates of both three percent and seven percent to calculate present values from the stream of benefits and costs and also to annualize the present value estimates. The EA for the proposed rule (USEPA 2003i) also shows the undiscounted stream of both benefits and costs over the 25 year analysis period.

A. Regulatory Alternatives Considered by the Agency

Today's proposed Stage 2 DBPR represents the second of a set of rules that address public health risks from DBPs. The Stage 1 DBPR was promulgated to decrease average exposure to DBPs and associated health risks by focusing compliance on MCLs based on average concentrations of TTHM and HAA5 within the distribution system. Today's proposed Stage 2 DBPR further reduces exposure to chlorinated DBPs by basing compliance on the LRAA of TTHM and HAA5 concentrations at each sampling point within the distribution system. Section V illustrated the LRAA concept and differences in the two compliance calculation methodologies. In addition,