

Stage 2 DBPR. The Agency also explored two additional uncertainties which might have the greatest impact on our current estimates by conducting sensitivity analyses. These include the impact of IDSE monitoring and the possibility that the primary analysis overestimates the compliance forecast for small surface water systems and all ground water systems. A detailed discussion of these analyses can be found in chapter 7 of the Economic Analysis (USEPA 2003i).

Last, EPA has recently proposed or finalized new regulations for arsenic, radon, and microbials in ground water systems (Ground Water Rule); *Cryptosporidium* in small surface water systems and filter backwash in all system sizes (LT1ESWTR and Filter Backwash Rule); as well as concurrently proposing additional microbial control in surface water systems (Long Term 2 Enhanced Surface Water Treatment Rule). These rules may have overlapping impacts on some drinking water systems but it is not possible to estimate these because of lack of information on co-occurrence. However, it is possible for a system to choose treatment technologies that would address multiple contaminants. Therefore, the total cost impact of these drinking water rules is uncertain; however, it may be less than the estimated total cost of all individual rules combined.

L. Benefit/Cost Determination for the Proposed Stage 2 DBPR

The Agency has determined that the quantified and unquantified benefits of the proposed Stage 2 DBPR justify the costs. As discussed previously, the main concern for the Agency and the Advisory Committee involved in the Stage 2 rulemaking process was to address potential reproductive and developmental impacts associated with exposure to high DBP levels. The proposed rule achieves this objective using the least cost alternative by modifying how the annual average DBP level is calculated. This will reduce both average DBP levels associated with bladder cancer (and possibly other cancers) and peak DBP levels which are potentially associated with reproductive and developmental effects. In addition, this rule may reduce uncertainty about drinking water quality and may allow some systems to avoid installing additional technology to meet future drinking water regulations.

Compared to other rule options consider by the Agency, the proposed rule option is also the most cost-effective. The cost-effectiveness analysis compares the annual dollar cost of the

rule to the annual number of bladder cancer cases potentially avoided. For bladder cancer reduction, the cost per case avoided for the proposed rule would be \$0.3 million if the PAR is 17%, and \$3.1 million if the PAR is 2%, and also varies depending on the discount rate used.

M. Request for Comment

The Agency requests comment on all aspects of the rule's economic impact analysis. Specifically, EPA seeks input into the following issues: (1) To what extent can systems install treatment to address multiple contaminants?; (2) Are there methods for monetizing potential reproductive and developmental endpoints associated with DBP exposure?; (3) To what extent will use of chloramination increase levels of NDMA and potentially associated health risks, and how should this be considered in this rule making; and (4) How should the Agency value nonfatal cancers? Specifically, EPA uses a range of severities to calculate the WTP estimate to avoid a case of chronic bronchitis. Should the Agency only consider the most severe case of chronic bronchitis as a better proxy for a non-fatal cancer? Also, should the Agency use the risk-risk trade-off estimate of WTP to avoid a case of chronic bronchitis instead of the risk-dollar trade-off estimate (see the EA (USEPA 2003i) for a complete discussion of these issues)?

VIII. Statutory and Executive Order Reviews

A. Executive Order 12866: Regulatory Planning and Review

Under Executive Order 12866, (58 FR 51735, October 4, 1993) the Agency must determine whether the regulatory action is "significant" and therefore subject to OMB review and the requirements of the Executive Order. The Order defines "significant regulatory action" as one that is likely to result in a rule that may:

(1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or Tribal governments or communities;

(2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;

(3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or

(4) Raise novel legal or policy issues arising out of legal mandates, the

President's priorities, or the principles set forth in the Executive Order.

Pursuant to the terms of Executive Order 12866, it has been determined that this rule is a "significant regulatory action." As such, this action was submitted to OMB for review. Changes made in response to OMB suggestions or recommendations will be documented in the public record.

B. Paperwork Reduction Act

The information collection requirements in this proposed rule have been submitted for approval to the Office of Management and Budget (OMB) under the Paperwork Reduction Act, 44 U.S.C. 3501 *et seq.* The Information Collection Request (ICR) document prepared by EPA has been assigned ICR No. 2068.01 (USEPA 2003m).

The information collected as a result of this rule will allow the States and EPA to determine appropriate requirements for specific systems, and to evaluate compliance with the rule. For the first 3 years after Stage 2 DBPR promulgation, the major information requirements involve monitoring activities, which include conducting the IDSE and submission of the IDSE report, and tracking compliance. The information collection requirements are mandatory (Part 141), and the information collected is not confidential.

The estimate of annual average burden hours for the Stage 2 DBPR for systems and States is 248,568 hours. This estimate covers the first three years of the Stage 2 DBPR and includes implementation of Stage 2A and most of the IDSE (small system reports are not due until the fourth year). The annual average aggregate cost estimate is \$18.0 million for operation and maintenance as a purchase of service for lab work, and \$6.8 million is associated with labor. The annual burden hour per response is 2.59 hours. The frequency of response (average responses per respondent) is 11.8 annually. The estimated number of likely respondents is 8,131 per year (the product of burden hours per response, frequency, and respondents does not total the annual average burden hours due to rounding). Because disinfecting systems have already purchased basic monitoring equipment to comply with the Stage 1 DBPR, EPA assumes no capital start-up costs are associated with the Stage 2 DBPR ICR.

Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. This includes the time