

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 SERs likely to be impacted by the Stage 2 M-DBP Rules. The SERs included small system operators, local government officials, and small nonprofit organizations. The SERs were provided with background information on the Safe Drinking Water Act, Stage 1 DBPR, IESWTR, and Stage 2 DBPR alternatives and unit cost analyses resulting from using different technologies to meet the required MCLs in preparation for the teleconferences on January 28, 2000, February 25, 2000, and April 7, 2000. This information package included data on options and preliminary unit costs for treatment enhancements under consideration. It is important to note that, since EPA did not consider the IDSE requirements until after these consultations with SERs and the SBAR panel, no comments were received on the IDSE requirements from the SERs or the SBAR panel. However, small system representatives were included in the Advisory Committee that recommended the IDSE.

During these conference calls, the information was discussed and EPA provided feedback and noted these initial SER comments. Following the calls, the SERs were asked to provide input on the potential impacts of the rule. Seven SERs provided written comments on these materials. These comments were provided to the SBAR Panel when the Panel convened in April 25, 2000. After a teleconference between the SERs and the Panel on May 25, 2000, the SERs were invited to provide additional comments on the information provided. Seven SERs provided additional comments on the rule components.

In general, the SERs consulted on the Stage 2 M-DBP rules were concerned about the impact of these proposed rules on small water systems. They were particularly concerned with acquiring the technical and financial capability to implement requirements, maintaining flexibility to tailor requirements to their needs, and the limitations of small systems.

The Small Business Advocacy Review (SBAR) Panel members for the Stage 2 DBPR were: the Small Business Advocacy Chair of the Environmental Protection Agency, the Chief of the

Standards and Risk Reduction Branch of the Office of Ground Water and Drinking Water within EPA's Office of Water, the Administrator of the Office of Information and Regulatory Affairs within the Office of Management and Budget, and the Chief Counsel for Advocacy of the Small Business Administration. The Panel convened on April 25, 2000, and met five times before the end of the 60-day Panel period on June 23, 2000. 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)", the Small Entity Representatives (SERs) comments on components of the Stage 2 MDBP Rules, and the background information provided to the SBAR Panel and the SERs are available for review in the Office of Water Docket.

Today's proposal takes into consideration the recordkeeping and reporting concerns identified by the Panel and the SERs. The Panel recommended that EPA evaluate ways to minimize the rule recordkeeping and reporting burdens by ensuring that States have appropriate capacity for rule implementation and that EPA provide as much monitoring flexibility as possible to small systems. Continuity with the Stage 1 DBPR was maintained to the extent possible to ease the transition to the Stage 2 DBPR, especially for small systems. EPA's decision to maintain the same MCLs for TTHM and HAA5 will also help to minimize the additional implementation burden. Generally, routine monitoring will be similar in frequency to monitoring for the Stage 1 DBPR, and systems with low DBP levels will still be eligible for reduced monitoring. Many small systems will conduct the same amount of monitoring for the Stage 2 DBPR as for the Stage 1 DBPR. Surface and ground water community water systems (CWSs) serving 500 to 9,999 people and ground water systems serving at least 10,000 people may be required to add one sampling site and take an additional quarterly TTHM/HAA5 sample at that site. Also, EPA has specified consecutive system requirements; these will be new requirements in States where consecutive systems are not required to comply with some or all Stage 1 DBPR requirements. As noted before, since some small systems will be effectively complying with such requirements under the Stage 1 DBPR,

the Stage 2 DBPR will not impose any additional burden on them.

The Panel also noted the concern of several SERs that flexibility should be provided in the compliance schedule of the rule. SERs noted the technical and financial limitations that some small systems will have to address, 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 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 the SDWA. EPA believes that the proposed compliance schedules provides sufficient time for small systems to achieve compliance.

Under the proposed LT2ESWTR, certain subpart H systems with low levels of indicators such as *E. coli* will not have to monitor for *Cryptosporidium*. The efficacy of *E. coli* as an indicator will be evaluated using the large system data. Thus, small systems *E. coli* monitoring cannot be initiated until large and medium system monitoring has been completed. The LT2ESWTR compliance time line for small systems thus lags 1.5 to 2.5 years behind the large and medium systems; timeline. Because the Stage 2 DBPR must be implemented on a simultaneous schedule, the compliance timeline is similarly delayed 1.5 to 2.5 years behind large and medium systems. In addition, if capital improvements are necessary for a particular PWS to comply, a State may allow the system up to an additional two years to comply with the MCL. The Agency is developing guidance manuals to assist small entities with their compliance efforts.

The Panel considered a wide range of options and regulatory alternatives for providing small businesses with flexibility in complying with the Stage 2 DBPR. The Panel recognized the concern shared by most stakeholders regarding the need to reduce DBP variability in the distribution system. This concern comes from recent studies that, while not conclusive, suggest that there may be adverse reproductive effects associated with relatively short-term exposure to high levels of DBPs. Many small systems will be monitoring at only a single point in the distribution system (designed to represent the point of maximum TTHM and HAA5 exposure), and many small systems will be monitoring only once during the year, at a time which corresponds to the season with the highest potential occurrence.