State of Wisconsin
DEPARTMENT OF NATURAL RESOURCES
101 S. Webster Street
Box 7921
Madison WI 53707-7921

Tony Evers, Governor Adam N. Payne, Secretary Telephone 608-266-2621 Toll Free 1-888-936-7463 TTY Access via relay - 711



Assembly Committee on Jobs, Economy, and Small Business Development

CR 23-010

Updating Wisconsin's Water Quality Antidegradation Policy
November 28, 2023

Good morning, Chair Gundrum and members of the Committee. My name is Adrian Stocks, and I am the Water Quality Bureau Director for the Wisconsin Department of Natural Resources (DNR). With me today to help answer questions is Kristi Minahan, a Water Quality Standards Specialist. Thank you for the opportunity to testify, for informational purposes, on CR 23-010, related to updating Wisconsin's water quality antidegradation policy and procedures.

Under the Clean Water Act, every state is required to have an "antidegradation" policy to prevent degradation of the state's lakes, rivers, and streams over time. Wisconsin's antidegradation policy was established in 1973 and its implementation procedures have been in place since 1989, with minor updates since that time. In 2015, the U.S. EPA updated the federal regulations relating to antidegradation. Our revisions during this rulemaking are to incorporate the EPA requirements to ensure consistency with federal code and maintain our delegated authorities under the Clean Water Act.

Antidegradation procedures are applied when a facility discharging wastewater or storm water requests to increase the amount of their discharge or to create a new discharge. The department typically receives just a few of these requests each year. Because increased discharges have the potential to lower water quality, certain requirements must be met before DNR can approve such a request. For many waterbodies, the antidegradation policy allows for a new or increased discharge if it is necessary and if the waterbody receiving the discharge can assimilate the additional effluent while still attaining its water quality standards. However, for certain types of waterbodies, lowering of water quality is not allowed. These include the state's Outstanding or Exceptional Resource Waters, and waters that are already impaired for a given pollutant, with certain exceptions. These overarching principles of the antidegradation policy are the same as those found in the current state and federal codes.

In this rulemaking, we added language to clarify how the antidegradation rule will be implemented for additional types of permits. Previously, Wisconsin's code only specified implementation procedures for wastewater discharges with an individual permit. However, because the federal code applies to all point sources, this rule package addresses both wastewater and storm water, and adds provisions for general permits.

- For wastewater, the overall process remains largely the same as before, with the same required steps and application materials. Some elements were revised in accordance with federal requirements, which I'll discuss further in a moment.
- For storm water, the rule establishes implementation procedures similar to those used for wastewater, though they are specific to the storm water program where necessary. Those requiring an individual permit may require antidegradation review. However, most storm water permittees are covered under general permits and will see little change.



- General permits for stormwater or wastewater cover multiple dischargers within a category. This rule establishes processes internal to DNR, applied when the department issues general permits. However, applicants who certify that they can comply with the conditions of the general permit do not require further review.
- We also evaluated whether additional requirements were necessary for concentrated animal feeding operations, or CAFOs, and determined that existing CAFOs and most new operations already meet antidegradation requirements under existing code.

Federal regulations have always required a facility seeking a new or increased discharge to submit certain application materials, which include a demonstration that the new or increased discharge will accommodate important social or economic development. Additionally, an alternatives analysis must be completed demonstrating that the facility will implement practices to lower the impact of the discharge if a practicable option is available.

Though wastewater permittees typically go through the full antidegradation review process and submit all of these materials, Wisconsin has always provided extra flexibility to permittees through a streamlined review for applicants whose proposed discharge is determined to be "not significant". Under the streamlined process some application materials are not required. However, U.S. EPA has determined that Wisconsin's previous threshold for qualifying for streamlined review was not sufficiently protective of water quality. Therefore, the threshold for qualifying for streamlined review was updated, and a small number of applicants that may have qualified in the past will now need to submit the full application package. We estimate that 5 to 10 wastewater facilities may need to do the full review that may have previously qualified for the streamlined process. In the department's economic analysis, we included costs for preparing these application materials, and for selecting a more protective alternative if needed.

During the rulemaking process, we established a stakeholder advisory group comprised of members representing industries, municipalities, agricultural producers, and facilities discharging storm water. During a series of meetings, we provided them with several draft versions of the rule and used their feedback to improve clarity and feasibility. We made several adjustments in response to comments, including the following:

- We identified additional instances that would not require antidegradation review. For instance, if a facility would still be able to meet their existing permit limits with an increased discharge, this review is not required. Also, the rule clarifies that temporary discharges are not subject to antidegradation review.
- We added a cost-saving option for applicants where DNR staff may collect water quality data instead of facilities, if the facility so chooses.
- We adjusted the process timeline to allow greater lead time and avoid project delays.
- We specified that certain low-cost options are acceptable as practicable alternatives, and that a facility is only required to select a practicable alternative if one is available.

In closing, I'd like to emphasize that the antidegradation process only applies if an applicant wishes to increase their discharge or create a new discharge. The department receives very few of these requests each year, and for wastewater permittees the process remains largely the same as before. A small number of individual storm water applicants may also need to submit application materials if they are not eligible for coverage under a general permit. Flexibility has been built in for smaller discharges,

which may be small businesses, by continuing to provide the streamlined review option, eliminating sampling costs if needed, and by allowing the application to be tailored in scope corresponding to the size of the project.

On behalf of the Department of Natural Resources, we would like to thank you for your time today. I would be happy to answer any questions you may have.

November 28, 2023

Wisconsin Assembly Comm. on Jobs, Economy, and Small Business Dev. 2 E Mifflin St, 225 Northwest Madison, WI 53703



RE: TESTIMONY ON CLEARINGHOUSE RULE 23-010 RELATING TO UPDATING WISCONSIN'S WATER QUALITY ANTIDEGRADATION POLICY AND PROCEDURES AND AFFECTING SMALL BUSINESS.

Good morning, Chair Gundrum and members of the Committee.

My name is Rob Lee, and I am a staff attorney at Midwest Environmental Advocates, a nonprofit law center that combines the power of law with the resolve of communities facing environmental injustice to secure and protect the rights of all people to healthy water, land, and air. Thank you for holding a public hearing as part of your review of this important rulemaking.

The rule package before you today, Clearinghouse Rule 23-010, represents the Wisconsin Department of Natural Resources' ("DNR") third attempt in the last 14 years at updating its antidegradation regulations to comply with the federal Clean Water Act, an issue MEA first raised with DNR as early as 2006. Where the first two attempts were unsuccessful, we are certainly hopeful that the third time is the charm, and therefore urge you to support the rule package.

The federal Clean Water Act prohibits the discharge of pollutants to surface waters without a permit, and the authority to administer the resulting permitting program in Wisconsin, called the Wisconsin Pollutant Discharge Elimination System, or WPDES program, has been delegated to DNR from the U.S. Environmental Protection Agency ("EPA"). But that delegation of federal authority to the states comes with conditions, one of which is DNR's ongoing duty to update its regulations to comply with the Clean Water Act and its implementing regulations.¹

If DNR cannot get this rule package adopted, there becomes a real risk of EPA ordering DNR to take corrective action, of EPA promulgating its own rules for Wisconsin, or—perhaps less likely—ultimately withdrawing DNR's authority to administer the WPDES program, none of which need to occur over this rather benign rule.²

Now, you may hear that we do not need to update the state's antidegradation policy because the vast majority of Wisconsin's surface waters are meeting Clean Water Act standards, but the whole point of the rule is to make sure those surface waters continue to meet those standards,

² See 33 U.S.C. §§ 1313(c)(3)-(4), 1344(i).

¹ See 33 U.S.C. § 1344(g)1, (h)(1)(A)(i). See also 40 CFR § 123.1(f) ("Any state program approved by the Administrator shall at all times be conducted in accordance with the requirements of this part," which specifies the EPA's procedures and criteria for approving, revising, or withdrawing state-delegated programs").

that is, to prevent those waters that are already "clean" from degrading and no longer suitable for certain uses.

An important concept for this rule package is assimilative capacity, which is the amount of capacity that a waterbody has to assimilate, or absorb, a pollutant before the water becomes impaired and potentially unsafe to drink, swim, or fish, or even unfit for use in certain commercial applications. The rules prevent impairments by limiting how much of a receiving water's assimilative capacity a permittee can consume.

An easy way to think about assimilative capacity is like a bank account that does not replenish, where the receiving water is the account and the assimilative capacity of the receiving water is how much money is in the account. The current rules say that you can spend up to a third of the money in the account on a purchase without asking yourself whether they really need that good or service or whether you can get the same good or service cheaper. Further, the current rules say that, as long as you wait five years, you can spend another third, and after another five years, another third, until there is no money left, and all without asking whether you needed to spend as much money as you did.

To take the analogy one step further, imagine it is a shared bank account, and now that you have spent all the money, your spouse or whoever else may have needed access to the money is hung out to dry. In other words, once all the assimilative capacity of a receiving water is used up and the water becomes impaired, other businesses will not have the opportunity to spend some of that money on things they need.

Of course, a prudent person would take a closer look at all significant purchases, not just those that would spend more than a third of their bank account and ask themselves those important questions about whether they really need the good or service or can get it cheaper. And if that is the kind of prudence we would use with something as mundane as a purchase, it is absolutely the kind of prudence we should use with something as valuable as Wisconsin's waters.

That is what this antidegradation rule does—requires permittees likely to have a significant impact on water quality to ask themselves those important questions. Except under the proposed rule package a significant lowering of water quality would occur when a permittee proposes to spend more than ten percent of their bank account—or consume more than ten percent of the assimilative capacity of a receiving water. By the way, that ten percent number was not plucked out of thin air but is rather based on what EPA can approve under existing federal law and interpretive cases.³

As reflected in the chart attached to my testimony, if there is a significant lowering of water quality, permittees must consider whether there are any practicable alternatives that would

³ See, e.g., Ohio Valley Environmental Council v. Horinko, 279 F. Supp. 2d 732, 767-773 (S.D. W. Va. 2003) (upholding West Virginia's ten percent threshold for individual permittees but invalidating a twenty percent threshold for all dischargers).

avoid the significant impact on water quality. If there are no practicable alternatives, the permittee must establish that its discharge will result in important social and economic development in the area. Such development may include all sorts of things like private sector job creation, public services, and much more.

Further, under the proposed rule package the receiving water must be treated like a shared account, so no single permittee is using all the assimilative capacity and preventing others from engaging in economically beneficial activities.

Clean water is vital to the state's economy, whether needed for manufacturing and processing, for recreation, or tourism, and we absolutely need to protect the clean water we have while continuing to clean up other waterways. For me, the whole reason I got into water law was because of my love of fishing and eagerness to protect those places, and I want to ensure that other folks, whether you are from an urban or rural area, have the same opportunities we have today. This rulemaking is a small but important to ensuring that remains a reality, and I therefore urge you to allow it to become law.

Thank you for the opportunity to provide testimony. I would be happy to answer any questions you may have.

Sincerely,

Rob Lee

Staff Attorney

MIDWEST ENVIRONMENTAL ADVOCATES

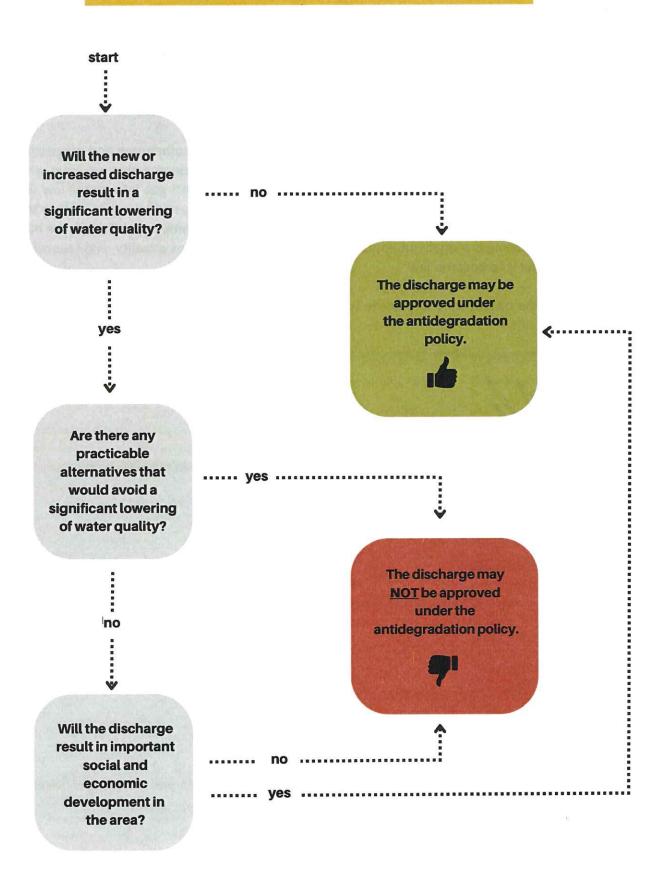
634 W Main St, Suite 201

Madison, WI 53703

(608) 251-5047 x 8

rlee@midwestadvocates.org

THE ANTIDEGRADATION REVIEW PROCESS





DATE: November 28, 2023

TO: Assembly Committee on Jobs, Economy and Small Business Development

FROM: Clean Wisconsin

RE: Testimony in Support of Proposed Antidegradation Rules (CR 23-010)

My name is Erik Kanter and I am Director of Government Relations with Clean Wisconsin. Clean Wisconsin is a non-profit, non-partisan environmental advocacy organization working on clean water, clean air and clean energy issues. Founded over fifty years ago with over 20,000 members and supporters around the state, we employ scientists, policy experts and attorneys to protect and improve Wisconsin's environment.

First, before getting into why the substance of the rule is valuable and worth adopting, it's worth noting that DNR used a good process when putting this rule together.

Over the course of several months, Clean Wisconsin participated on the stakeholder advisory committee along with at least nine statewide agricultural industry organizations. DNR staff worked diligently as part of that process, provided two draft versions of the rule for review and feedback from the stakeholder advisory committee and patiently waded through the many questions, concerns, and suggestions raised during this rulemaking. The process gave Clean Wisconsin and other participants sufficient time to review draft rule language, ask questions, and suggest ways to improve it. When the Department didn't agree with our suggestions, it explained why it didn't agree.

While it is not required by law, Clean Wisconsin appreciated the department's thoughtful structure and implementation of the stakeholder advisory process.

So, we appreciate how this rule came together.

Second, antidegradation is important for preserving high quality waters, and it's just smart policy. Antidegradation is important because, as the name suggests, it aims to prevent degradation of our high-quality waters.

These waters sustain aquatic life. And they are the waters that Wisconsin's residents—and visitors—enjoy fishing, swimming, and paddling on.

Antidegradation is smart policy, because it's like the saying, an ounce of prevention is worth a pound of cure. It's much cheaper to *preserve* high quality waters than it is to try to take an impaired water and clean it up. We've learned that the hard way.

That's precisely why the Clean Water Act requires all states to have an up-to-date antidegradation policy. Which brings us to the last point.

Third, we know there are concerns about impacts to small businesses. DNR estimates that at most only a few small businesses would be affected per year, and we believe that analysis is sound. It is important to note that the federal Clean Water Act does not include special treatment for small businesses, so DNR cannot exempt small businesses in Wisconsin from these antidegradation requirements without violating federal law. Having said that, DNR scaled sampling and permit application requirements in the rule to the size of the proposed project to alleviate the burden on small businesses, to the extent DNR could without running afoul of the CWA's minimum requirements.

Fourth, and perhaps most importantly, this rulemaking is long overdue and required for Wisconsin's antidegradation policy to be consistent with those federal regulations. Wisconsin's antidegradation policy has been inconsistent with federal regulations for some time. There is no reasonable disagreement about this.

Now, with the federal regulations on antidegradation updated most recently in 2015, DNR is again putting forward a rule to create a state antidegradation policy that is consistent with federal regulations.

And that is something that DNR must do; the Clean Water Act requires it, and EPA has been as clear as they can be that Wisconsin needs to do better with its antidegradation policy. That's what this rule does.

It doesn't create a host of new requirements out of thin air that go beyond what federal antidegradation policy directs; it aligns with requirements in a federal rule that is eight years old at this point, and that our neighbor states have already come into line with.

Importantly, there are consequences if we don't update Wisconsin's antidegradation policy. EPA has a responsibility to ensure states who run their own permitting program have an adequate antidegradation policy, and the Clean Water Act gives EPA tools to get more involved if we fail to update our state policy. They are required to review our antidegradation rule, and they will not approve it if it does not meet baseline requirements. Nobody wants this, yet it is the logical outcome of failing to promulgate rules to get our antidegradation policy to a place where it is consistent with federal law.

And, unfortunately, this point needs to be highlighted because we know there are groups asking that the rule be weakened in ways that EPA and federal courts have clearly and repeatedly said are not consistent with the Clean Water Act, and which EPA will not and cannot approve.

This rule isn't perfect. It is the result of compromise and balancing between the interests of a wide range of stakeholders. But it is a good rule, and it's one that Wisconsin must promulgate if we're going to have an antidegradation policy that is again consistent with federal requirements.



TO:

Chair Gundrum & Members, Assembly Committee on Jobs, Economy and Small Business

Development

FROM:

Craig Summerfield, Director of Environmental and Energy Policy

DATE:

November 28, 2023

RE:

Opposition to CR 23-010, relating to Wisconsin's water quality antidegradation policy

and procedures

Wisconsin Manufacturers & Commerce (WMC) appreciates the opportunity to testify on Clearinghouse Rule 23-010, which establishes new antidegradation policy and procedures in Wisconsin. We urge the committee to consider requesting germane modifications to the rule, or to object to the rule if DNR is unwilling to consider reasonable modifications.

WMC is the largest general business association in Wisconsin, representing approximately 3,800 member companies of all sizes, and from every sector of the economy. Since 1911, our mission has been to make Wisconsin the most competitive state in the nation to do business. That mission includes opposing burdensome administrative rules that create uncertainty and make it more difficult to do business in Wisconsin.

"Antidegradation" generally refers to water discharge requirements to protect surface water quality. Under the current administrative code, the Department of Natural Resources may require an industrial permittee (such as a manufacturer) to undergo an "antidegradation review" as an additional step prior to obtaining a wastewater discharge permit. The proposed CR 23-010 significantly expands the instances in which an antidegradation review is required and the number of facilities that may need to undergo an antidegradation review. It also changes the process for conducting an antidegradation review.

Wisconsin Has Good Water Quality:

To begin, Wisconsin has a long history of protecting its waters through antidegradation regulations, as well as numerous other regulations. Wisconsin's implementation of the Wisconsin Pollutant Discharge Elimination System (WPDES) was among the first in the country. Wisconsin was also an early adopter of phosphorus and thermal standards.

In addition, Wisconsin continues to pass and implement strict water quality standards. Recently, Wisconsin adopted stringent surface water criteria for two common PFAS that are no longer manufactured in the U.S. – PFOA and PFOS. It should be noted that – at the time these standards were

adopted – these criteria were more stringent than required by the EPA, and more stringent than the PFOA/PFOS surface water criteria in all of Wisconsin's neighboring states.

Moreover, most Wisconsin waters are healthy. In the Wisconsin Water Quality Report to Congress 2022¹, the Department of Natural Resources (DNR) reported that 82% of the waters assessed were healthy. In addition, for those waters that are impaired, 23% have a restoration plan in place. Thus, the need for the proposed, more stringent antidegradation requirements must be considered in the context of the high quality of many of Wisconsin's waters, and the extensive state and federal regulations currently in place to preserve and protect those waters (including existing antidegradation requirements).

Thus, there has not been a demonstrated environmental need to tighten antidegradation requirements. Nor do regulations like the proposed antidegradation rule take place in a vacuum. They need to be considered in the broader context of the many other regulatory burdens placed on Wisconsin manufacturers and other businesses.

Background on WMC Participation in Rulemaking Process:

To be clear, WMC has provided extensive feedback on this rulemaking to the Department of Natural Resources throughout this process:

- Submitted written comments on the rule's scope statement SS 051-21 (July 2021)
- Participated in Antidegradation Stakeholder Advisory Committee (August-September 2022)
- Submitted written comments on initial draft rule following Stakeholder Advisory Committee (October 2022)
- Submitted written comments on draft economic impact analysis (January 11, 2023)
- Submitted written comments on draft rule (May 26, 2023)
- Submitted written comments to the Natural Resources Board (September 20, 2023)²

It must be noted that the DNR's Antidegradation Stakeholder Advisory Committee did not produce a consensus rule. Instead, DNR staff provided two drafts of the rule and stakeholders were allowed to provide feedback. DNR staff unilaterally decided what to do with this feedback.

Process Considerations:

As this committee evaluates this rule, there are key process concerns that members may wish to consider:

Cost of the Rule May Exceed \$10 M Over Two Years

¹ See Wisconsin Water Quality Report to Congress 2022 - https://dnr.wisconsin.gov/topic/SurfaceWater/Congress.html.

² Copies of all of these written comments are a matter of public record and are available upon request.

During the rulemaking process, DNR put together an initial cost estimate outlining a maximum two-year cost of just under \$2 million. *Conversely, WMC and other state trade associations compiled its own cost estimate. Our coalition estimated total two-year costs at \$56,682,538.* This included significant capital costs related to new wastewater treatment infrastructure, as well as costs related to the ongoing operation of treatment facilities, sampling costs, consultant fees, and more. ³

In response, DNR raised its compliance cost estimate for its final rule to \$2.52 million. DNR adjusted some aspects of its cost estimate, but declined to make major changes.

Notably, Wisconsin law requires a state agency to stop work on a rule if it exceeds more than \$10 million in compliance costs over any two year period. ⁴ To the extent that CR 23-010 will exceed \$10 million in compliance costs in *any* such period, the rule cannot be advanced absent the passage of a bill by the Legislature.

Impact to Small Business

This rule's referral to the Assembly's small business committee is entirely appropriate, given how the rule could substantially impact small businesses in Wisconsin. Per DNR's own analysis, this rule "is expected to have a moderate (level 2) impact on small business."⁵

Specifically, DNR estimated that 72% of the impacted entities are small businesses, and DNR estimates that the impact to small businesses could exceed \$1 million per year. However, DNR did not consider different costs for small businesses, instead noting that "on a per-project basis, the same costs are applied for small and larger businesses." 6

Expansion of Scope Concerns

State law generally prohibits an agency from changing the scope of a rule in "any meaningful or measurable way." If the scope of the rule does change later in the process, a new scope statement must be drafted and the rulemaking process must begin again anew.

The rule's scope statement – SS 051-21 – provides the statutory citations for this rulemaking. However, the Clearinghouse Rule's "Explanation of Agency Authority" cites statutes that are wholly absent from the rule's scope statement. Specifically, s. 281.12, s. 281.13(a) and (b), s. 281.65(4)(c) and (cd), and s. 283.33(8) are cited by DNR in the Clearinghouse Rule, but do *not* appear in the scope statement.

³ WMC's cost estimate was completed on a draft version of the rule, and not the final rule.

⁴ See s. 227.139

⁵ See page 1 of DNR "green sheet" packet for Natural Resources Board: https://widnr.widen.net/s/lbw2qbrnqt/item-4.b.-wy-13-20-adoption

⁶ See page 6 ("Attachment A") of DNR's fiscal estimate:

https://docs.legis.wisconsin.gov/code/misc/chr/lc ruletext/cr 23 010 fiscal estimate and economic impact analysis part 1.pdf.

⁷ See s. 227.135(4)

To the extent that such statutes are utilized by DNR to expand the scope of the rule, this would be a clear violation of ch. 227 rulemaking requirements.

Changes to Consider:

Beyond just these process concerns, WMC has serious concerns with the impacts of the final rule itself. It remains uncertain why DNR is seeking a wholescale revision of the state's antidegradation requirements.

To justify this rulemaking, DNR points to updated federal regulations, specifically 40 CFR 131.12, which is a little over one page in length. In addition, DNR previously shared with WMC a short, less than two-page June 2021 letter from the U.S. Environmental Protection Agency highlighting five areas to "focus on" when undergoing an antidegradation rulemaking. It is unclear how this short request (which was not an order by EPA, and did not state that the focus areas were mandates) morphed into the expansive, 53-page rule before this committee today.

Per the rule's scope statement, a stated goal of the rulemaking is to "establish a more straightforward process to determine when an antidegradation review is triggered and the scope of the review." The final rule fails in this regard. We ask that the Committee consider the following germane modifications to CR 23-010, and object to the rule if the Department is unwilling to make changes.

- Restore the assimilative capacity threshold of 33%, instead of 10%.
 - The current administrative code provides a reasonable exemption of 33% of
 "assimilative capacity" of a waterbody without triggering a burdensome antidegradation
 review. Among other changes, the proposed rule lowers this threshold to 10%, and
 makes it a one-time use. Current law should be maintained.
- Delete confusing language on cumulative impacts.
 - Under the proposed rule, DNR is allowed to consider "cumulative impacts" to a
 waterbody, but fails to identify the scope of impacts that may be considered, or provide
 a mechanism to evaluate them. It is unclear how DNR will make such a determination.
 This provision adds to regulatory uncertainty, is not required by the Clean Water Act or
 underlying statutes, and should be removed.
- Expanded applicability of the rule should be removed.
 - o In the final version of the rule, DNR unexpectedly expanded the rule to apply to all waters in all situations, and not simply impacts by a new or increased discharge. WMC is uncertain how DNR would apply this greatly expanded authority outside of the Department's wastewater and non-point source programs. In addition, DNR did not cite its explicit statutory in this expansion. Thus, this change should be removed.
- Temporary discharger exemption should be expanded.
 - The proposed rule exempts temporary discharges of up to 90 days. To be consistent with the position taken by other agencies construing the length of a "temporary" discharge, this exemption should be increased to 180 days.

⁸ Letter from Tera L. Fong, EPA to Adrian Stocks, DNR, dated June 4, 2021.

- CAFO exemption should be expanded to include new CAFOs.
 - The proposed rule exempts existing CAFOs, but not new CAFOs. CAFOs are already heavily regulated under NR 243 and do not need the additional regulatory burden provided under this proposed rulemaking.

Conclusion:

A bill that would impose millions in new costs on Wisconsin businesses with little discernible benefit would rightly face heavy skepticism from this Legislature. We should extend this same skepticism to problematic rules from state agencies. CR 23-010 would impose millions in new costs on Wisconsin businesses – including potentially millions on small businesses – by imposing new red tape on manufacturers and other entities.

WMC urges this committee to seek germane modifications to this rulemaking, or reject it outright, due to the substantial burden it will place on Wisconsin businesses. WMC would welcome the opportunity to work further with this committee to improve CR 23-010 to lessen its impact to Wisconsin's regulated community.

Thank you for your consideration. I am happy to answer any questions.