

Exhibit C to Huntsville Petition

Financial Impact Statement

**ARKANSAS POLLUTION CONTROL & ECOLOGY
COMMISSION
ECONOMIC IMPACT/ENVIRONMENTAL BENEFIT
ANALYSIS**

Rule Number & Title: *Regulation No. 2. Establishing Water Quality Standards for Surface Waters of the State of Arkansas.*

Petitioner: *City of Huntsville ("Huntsville")*

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Date Analysis Prepared: *05/29/2013*

2A. ECONOMIC IMPACT

1. Who will be affected economically by this proposed rule?

State: a) the specific public and/or private entities affected by this rulemaking, indicating for each category if it is a positive or negative economic effect; and b) provide the estimated number of entities affected by this proposed rule.

The proposed rule will revise the chloride, sulfate, total dissolved solids ("TDS") water quality criteria in Town Branch from the point of discharge of the City of Huntsville wastewater treatment plant downstream to the confluence with Holman Creek, in Holman Creek from the confluence with Town Branch downstream to the confluence with War Eagle Creek, and in War Eagle Creek from the confluence with Holman Creek, and remove the designated but not existing Domestic Water Supply use from those stream segments.

Assuming the proposed rule is approved by the Commission and the U.S. Environmental Protection Agency ("EPA"), the Arkansas Department of Environmental Quality ("ADEQ") will be able to rely on the revised criteria to amend the City of Huntsville National Pollutant Discharge Elimination System ("NPDES") permit limits for chloride, sulfate and TDS. Huntsville will therefore be positively impacted by the rule. No entities would suffer negative economic impact as a result of the proposed rule.

Sources and Assumptions: To approve the proposed rule, the Commission and EPA will rely on a technical document prepared by Huntsville—the City of Huntsville, Arkansas Section 2.306 Site Specific Water Quality Study: Town Branch, Holman Creek and War Eagle Creek that discusses the proposed revisions to the dissolved minerals criteria for Town Branch, Holman Creek and War Eagle Creek ("the Report").

2. What are the economic effects of the proposed rule? State: 1) the estimated increased or decreased cost for an average facility to implement the proposed rule; and 2) the estimated total cost to implement the rule.

The economic effects of the proposed rule are significant and beneficial for Huntsville. Huntsville has investigated technologies and alternatives to comply with the current minerals criteria, which is summarized in the Report. Reasonably available control technology does not exist that would allow Huntsville to discharge in a manner that would maintain the existing minerals criteria. Approval of the proposed rule modifying the criteria to reflect long term historical site specific conditions is the only reasonable approach so that the permit limits can be adjusted.

3. List any fee changes imposed by this proposal and justification for each.

No changes to fees are proposed or anticipated for the proposed rule.

4. What is the probable cost to ADEQ in manpower and associated resources to implement and enforce this proposed change, and what is the source of revenue supporting this proposed rule?

Huntsville anticipates that ADEQ will administer and enforce the proposed rule with the same number of staff and resources it currently relies on to implement the permitting program.

Sources and Assumptions: *not applicable*

5. Is there a known beneficial or adverse impact to any other relevant state agency to implement or enforce this proposed rule? Is there any other relevant state agency's rule that could adequately address this issue, or is this proposed rulemaking in conflict with or have any nexus to any other relevant state agency's rule? Identify state agency and/or rule.

ADEQ would rely on the proposed rule to amend Huntsville's NPDES permit. There is no known impact to another state agency nor is there another state agency's rule that could address any of the proposed changes. The rule is not in conflict with any other relevant state agency rule. To Huntsville's knowledge, the rule does not have any nexus to any other relevant state agency's rule.

Sources and Assumptions: *not applicable*

6. Are there any less costly, non-regulatory, or less intrusive methods that would achieve the same purpose of this proposed rule?

No.

Sources and Assumptions: *not applicable*

2B. ENVIRONMENTAL BENEFIT

1. What issues affecting the environment are addressed by this proposal?

The proposed rule will revise the chloride, sulfate and TDS water quality criteria in Town Branch, Holman Creek and War Eagle Creek, remove the designated but not existing Domestic

Water Supply use from those stream segments. As explained below, these changes will not change any designated uses and will not adversely impact the environment.

2. How does this proposed rule protect, enhance, or restore the natural environment for the well being of all Arkansans?

The criteria proposed in the rule are protective of the fisheries in Town Branch, Holman Creek and War Eagle Creek. To approve the rule, the Commission and EPA will also confirm that the proposed criteria are protective of these fisheries and the environment.

Sources and Assumptions: *The Report.*

3. What detrimental effect will there be to the environment or to the public health and safety if this proposed rule is not implemented?

Without the proposed rule, Huntsville would not be able to consistently meet permit limits that are based on the existing minerals criteria. The proposed rule would allow Huntsville to continue discharging historical levels of dissolved minerals, which have been demonstrated to have no adverse impact the environment, public health, or safety.

Sources and Assumptions: *The Report.*

4. What risks are addressed by the proposal and to what extent are the risks anticipated to be reduced?

ADEQ would be able to rely on the criteria proposed in the rule to issue a permit to Huntsville that reflects historical dissolved minerals in its effluent.

Sources and assumptions: *not applicable*