



January 28, 2011

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Dear Ms. Jackson and Mr. Silva:

The undersigned municipal organizations write in response to the recent distribution of a November 12, 2010 memorandum from James A. Hanlon, Director of the Office of Wastewater Management, and Denise Keehner, Director of the Office of Wetlands, Oceans and Watersheds, to all Water Management Division Directors in EPA Regions 1 – 10, entitled “Revisions to the November 22, 2002 Memorandum ‘Establishing Total Maximum Daily Load (TMDL) Wasteload Allocations (WLAs) for Storm Water Sources and NPDES Permit Requirements Based on Those WLAs.’” In this memorandum, EPA states that it is “updating and revising” four elements of the 2002 guidance in order to reflect “current practices and trends” in permits and WLAs for stormwater discharges, specifically:

- Providing numeric water quality-based effluent limitations in NPDES permits for stormwater discharges;
- Disaggregating stormwater sources in a WLA;
- Using surrogates for pollutant parameters when establishing targets for TMDL loading capacity; and
- Designating additional stormwater sources to regulate and treating load allocations as wasteload allocations for newly regulated stormwater sources.

The undersigned organizations have serious concerns both with the substance of this memorandum, particularly with the first and third elements above, and with the process and timing of its distribution. We believe that the memorandum contains significant misstatements of the existing law and regulations applicable to municipal separate storm sewer systems (MS4s), and that even if the memorandum itself is not subject to judicial review any future NPDES

permits or TMDLs based on the guidance contained in the memorandum would be subject to legal challenge.

### **Process and Timing**

As it stands, the November 12 memorandum would make sweeping changes in the Agency's existing approach to the development of WLAs for municipal stormwater sources and the issuance of MS4 permits for those sources. These changes appear to reflect some of the options that are currently being considered by the Agency in the context of the national rulemaking it has initiated to strengthen its stormwater regulatory program. That initiative was announced by the Agency on December 28, 2009 (74 Fed. Reg. 68617), and EPA has subsequently stated that its intention is to issue a final regulation by November of 2012. All of the undersigned organizations and many of their individual members have participated in this rulemaking initiative, and have submitted written comments to the Agency regarding its proposed changes to the stormwater permit program. The unexpected release of the November 12 guidance memorandum is particularly inappropriate in light of this ongoing rulemaking effort, because the substance of the memorandum effectively presumes the outcome of that initiative before a proposed version of the regulation has been made available for public review and comment.

Furthermore, the issuance of the November 12 memorandum without solicitation of any input from the regulated community is procedurally improper, because the memorandum proposes significant substantive changes to existing EPA policy. For example, the 2002 guidance stated that:

EPA expects that most WQBELs for NPDES-regulated municipal and small construction storm water discharges will be in the form of BMPs, and that numeric limits will be used only in rare instances.

This statement was consistent with EPA's existing stormwater regulations at 40 CFR §122.34 and with the guidance contained in EPA's August 26, 1996 *Interim Permitting Approach for Water-Quality Based Effluent Limitations in Storm Water Permits*, 61 Fed. Reg. 43761, and its November 6, 1996 *Questions and Answers Regarding Implementation of an Interim Permitting Approach for Water Quality-Based Effluent Limitations in Storm Water Permits*, 61 Fed. Reg. 57425. Each of the latter two documents were formal policies signed by the Assistant Administrator for Water and duly published in the Federal Register. In contrast to the approach described in those formal regulations and policy statements, the November 12 memorandum states that EPA's "expectations have changed as the stormwater permit program has matured," and that:

EPA now recognizes that where the NPDES authority determines that MS4 discharges and/or small construction stormwater discharges have the reasonable potential to cause or contribute to water quality standards excursions, permits for MS4s and/or small construction stormwater discharges should contain numeric effluent limitations where feasible to do so.

The expression of such a fundamental change in EPA's approach to MS4 permitting in an informal guidance memorandum, without public review or comment and without publishing notice of its issuance in the Federal Register is improper. A substantial body of case law suggests that when an agency significantly changes its interpretation of an existing policy, the agency must do so after engaging in formal notice and comment rulemaking. *See, e.g., Paralyzed Veterans of America v. D.C. Arena*, 117 F.3d 579 (D.C. Cir. 1997); *Appalachian Power Co. v. EPA*, 208 F.3d 1015 (DC. Cir. 2000). In *CropLife America v. EPA*, 329 F.3d 876 (D.C. Cir. 2003), the D.C. Circuit Court of Appeals held that a document containing "clear and unequivocal language, which reflects an obvious change in established agency practice," is subject to notice and comment rulemaking requirements under the Administrative Procedure Act. Similarly, in *Alaska Professional Hunters Ass'n, Inc. v. Federal Aviation Administration*, 177 F.3d 1030 (D.C. Cir. 1999), the court stated that:

When an agency has given its regulation a definitive interpretation, and later significantly revises that interpretation, the agency has in effect amended its rule, something it may not accomplish without notice and comment. *Synacor Int'l Corp. v. Shalala*, 127 F.3d 90, 94-95 (D.C.Cir.1997), is to the same effect: a modification of an interpretive rule construing an agency's substantive regulation will, we said, "likely require a notice and comment procedure."

The November 12 memorandum clearly reflects a fundamental change in the Agency's previous interpretations of its existing municipal stormwater permit regulations. To move from the position that numeric effluent limitations will be used "only in rare instances" to a recommendation that such limits should be used "where feasible" is the type of "obvious change" in the Agency's permitting regime that was addressed in the *CropLife* decision. 329 F.2d at 881.

Indeed, the memorandum goes even further than this, by stating that the type of numeric, water quality-based effluent limitations that EPA now expects to see included in both municipal and industrial stormwater permits should "use numeric parameters such as pollutant concentrations, pollutant loads, or numeric parameters acting as surrogates for pollutants, such as stormwater flow volume or percentage or amount of impervious cover." This would represent a dramatic change in the type of conditions that have been required in such permits over the last two decades of the stormwater program. Despite certain verbal assurances that we have received from the Agency that it does not intend to impose such restrictions as end-of-pipe limits on each individual MS4 outfall, that is the advice which the memorandum appears on its face to be giving to State and Regional permitting authorities.<sup>1</sup> If the memorandum means what it appears to say, it would be a major shift in policy that should only be adopted after formal consultation with affected members of the regulated community and the public at large.

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<sup>1</sup> As noted at page 4 of the memorandum, EPA recognized at the time of its original, 2002 guidance memo that "the available data and information usually are not detailed enough to determine waste load allocations for NPDES-regulated storm water discharges on an outfall-specific basis." However, the memorandum suggests that permit writers now "may have better data or better access to data and, over time, may have gained more experience since 2002" in developing WLAs for specific categories of discharges.

## **Mischaracterization of Existing Law and Regulation**

### **1. Compliance with Water Quality Standards.**

We have serious concerns with EPA's mischaracterization of the applicable statutory and regulatory requirements for municipal stormwater permits in the memorandum. The Agency's purported justification for the imposition of numeric effluent limitations in MS4 permits relies upon a distortion of the plain language of the Clean Water Act (CWA), and a mischaracterization of the Ninth Circuit's holding in *Defenders of Wildlife v. Browner*, 191 F.3d 1159 (9th Cir. 1999). The opening clause of CWA § 402(p)(3)(b)(iii) states that, unlike industrial stormwater permits, MS4 permits "shall require controls to reduce the discharge of pollutants to the maximum extent practicable . . . ." A subordinate clause goes on to specify that such controls shall include "management practices, control techniques and system, design and engineering methods, and such other provisions as the Administrator or the State determines appropriate for the control of such pollutants." Each of those controls is subject to the limitation in the first clause that they shall be required "to the maximum extent practicable."

However, EPA's November 12 memorandum paraphrases this provision in a manner which suggests that the final clause referring to "such other provisions as the Administrator or the State determines appropriate" is independent and coequal with the requirement to reduce pollutants to the "maximum extent practicable." This paraphrase distorts the syntax of § 402(p)(3)(B)(iii) and the intent of Congress in enacting this provision. The November 12 memorandum also suggests, incorrectly, that the Ninth's Circuit's opinion in *Defenders* supports this misreading of the statute. It is true that, in *dicta* at the end of its decision, the court suggested that the "such other provisions" clause allowed EPA the discretion to include "either management practices or numeric limitations" in MS4 permits. The court did not say, however, that the discretion to include numeric limitations or to require compliance with water quality standards could be exercised without regard to the "maximum extent practicable" limitation in the statute. That issue was not presented by the facts of the case before it, and it was not addressed in the court's opinion. Had the court so ruled, it would have been contrary to the plain language of the statute and subject to reversal on appeal.

In fact, the federal courts have consistently ruled that the MEP standard is the only standard that MS4 discharges are required to meet. *Natural Resources Defense Council, Inc. v. U.S. EPA*, 966 F.2d 1292, 1308 (9th Cir. 1992) (CWA § 402(p)(3)(B) "retained the existing, stricter controls for industrial stormwater dischargers but prescribed new controls for municipal storm water discharge); *Defenders of Wildlife v. Browner*, 191 F.3d 1159, 1165 (9th Cir. 1999) (CWA § 402(p)(3)(B) "replaces" the requirements of § 301 with the MEP standard for MS4 discharges, and it creates a "lesser standard" than § 301 imposes on other types of discharges); *Environmental Defense Center v. EPA*, 319 F.3d 398 (9th Cir. 2003), *vacated, rehearing denied by, and amended opinion issued at* 344 F.3d 832 (9th Cir. 2003) (CWA "requires EPA to ensure that operators of small MS4s 'reduce the discharge of pollutants to the maximum extent practicable'"); *Mississippi River Revival, Inc. v. City of St. Paul*, 2002 U.S. Dist. LEXIS 25384 (N.D. Minn. 2002) ("the CWA specifically exempts municipal storm water permittees" from the requirement to ensure that water quality standards are met).

Consequently, the Agency's recommendation in the November 12 memorandum that, where feasible, NPDES authorities should include numeric effluent limitations as necessary to meet water quality standards whenever MS4 discharges have the reasonable potential to cause or contribute to an excursion of those standards not only signals a dramatic change in EPA's existing policy, but also exceeds the Agency's authority under the CWA. The qualification that such limits shall be used where "feasible" appears to relate only to the permitting authority's technical ability to calculate the necessary limitations, whereas the "maximum extent practicable" standard in the CWA was intended to encompass both the technical and economic achievability of the controls imposed on municipal dischargers. Further, stormwater discharges are highly variable in peak and volume. Implementation of numeric effluent limits to stormwater discharges fails to recognize this variability. Current stormwater treatment technologies are generally limited to treating the first 3/4" to 1" of rainfall during a 24 hour period. Technologies to economically treat larger or longer storms do not exist. Lastly, many existing state water quality standards were developed prior to the 1987 CWA amendments that led to the creation of NPDES programs for stormwater management. Consequently, they did not foresee the need to consider the ramifications of managing stormwater when setting water quality standards. Most existing standards are limited to consideration of steady-state streamflow conditions that occur during dry weather. Existing water quality standards are therefore inappropriate for managing transitory, non-steady state storm flow conditions and inappropriate for establishing numeric effluent limits in stormwater permits for storm flow conditions.

Moreover, it is not at all clear that the types of numeric effluent limitations contemplated by the memorandum are "feasible" in a purely technical sense. For example, a recent study on "The Feasibility of Numeric Effluent Limits Applicable to Discharges of Storm Water Associated with Municipal, Industrial and Construction Activities" contained in the Storm Water Panel Recommendations to the California State Water Resources Control Board (June 19, 2006) concluded that "[i]t is not feasible at this time to set enforceable numeric effluent criteria for municipal BMPs and in particular urban discharges," and that "[f]or catchments not treated by a structural or treatment BMP, setting a numeric effluent limit is basically not possible." EPA suggests in the memorandum that State and EPA have obtained "considerable experience" in calculating TMDLs and WLAs for stormwater sources since 2002, that monitoring the impacts of stormwater sources has become "more sophisticated and widespread," and that "better information" on the effectiveness of stormwater controls is now available. However, it does not provide that information in this memorandum, nor does it suggest that the recent information and experience to which it alludes support the technical feasibility of reducing the impact of municipal stormwater sources to meet the type of numeric effluent limitations it seeks to impose. The undersigned organizations would appreciate the opportunity to review and discuss this information.

## 2. Consistency with TMDL Wasteload Allocations.

The November 12 memorandum also misrepresents existing law in stating that, if the State or EPA has established a TMDL for an impaired water that includes WLAs for stormwater discharges, "permits for either industrial stormwater discharges or MS4 discharges must contain effluent limits and conditions consistent with those WLAs." The requirement to meet TMDL WLAs is merely a subset of the requirement to meet water quality standards, which those WLA's

are calculated to implement.<sup>2</sup> Since MS4 discharges are not subject to the requirement to meet water quality standards to begin with, they cannot be required to comply with TMDL WLAs without regard to the “maximum extent practicable” standard established in the Act.

The only authority cited in the memorandum for EPA’s assertion that both industrial and municipal stormwater permits must contain effluent limitations consistent with TMDL WLAs is a subsection in the Agency’s general NPDES permit regulations at 40 CFR § 122.44(d)(1)(vii)(B). However, that rule does not apply to municipal stormwater permits. The opening sentence of 40 CFR § 122.44 states that “each NPDES permit shall include conditions meeting the following requirements when applicable.” The rule then enumerates a variety of permit conditions, some of which apply to municipal stormwater permits, and others that do not. The subject of subsection (d) is the requirement to ensure compliance with state water quality standards, which (as discussed above) applies to all NPDES permits except MS4 permits.

The opening sentence to subsection (d) of the rule has been included in the Agency’s general NPDES permit regulations since 1983, long before the 1987 CWA amendments created the separate and independent “maximum extent practicable” standard for MS4 discharges. In 1989, subsection (d) was expanded by the addition of the seven subparagraphs in § 122.44(d)(1) to further describe the procedures a permitting authority should use to determine whether an NPDES permit must include a water quality-based effluent limit. 54 Fed. Reg. 23868 (June 2, 1989). Each of the additional provisions was intended to describe the procedures for implementing state water quality standards. Subparagraph (vii) was added to describe two fundamental principles for deriving water quality-based effluent limits: first, that they must be derived from water quality standards, and second that they must be consistent with any WLAs based upon those water quality standards. *Id.*

Shortly after the 1989 revisions to 40 CFR § 122.44 were promulgated, EPA issued an August 21, 1989 memorandum from James R. Elder, Director, Office of Water Enforcement, to Water Management Division Directors, Regions I – X entitled “New Regulations Governing Water Quality-Based Permitting in the NPDES Permitting Program” That memorandum emphasized that the additional provisions in 40 CFR § 122.44(d) were merely intended to clarify existing requirements for water quality-based permitting. As explained in the memorandum,

Subsection (d) covers water quality standards and state requirements. Prior to the promulgation of these new regulations the subsection was non-specific, requiring only that NPDES permits be issued with requirements more than promulgated effluent guidelines as necessary to achieve water quality standards. We have strengthened considerably the requirements of §122.44(d). The new language is very specific and requires water quality-based permit limits for specific toxicants and whole effluent toxicity where necessary to achieve state water quality standards. (Emphasis added.)

Because MS4 permits are not required to achieve state water quality standards, as discussed above, none of the requirements in 40 CFR § 122.44(d) are applicable to such permits. Pursuant to the plain language of the CWA, and consistent with the Ninth Circuit’s decision in *Defenders*

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<sup>2</sup> Cf. 40 CFR § 130.2(h): “WLAs constitute a type of water quality-based effluent limitation.”

*of Wildlife v. Browner*, EPA may exercise its discretion to require MS4 discharges to comply with water quality standards, or WLAs based on those standards, only to the “maximum extent practicable.”

### **Use of Surrogates for Pollutant Parameters**

The undersigned organizations all support the goal of reducing pollutants and improving water quality. However, we have serious concerns with EPA’s suggestion in the November 12 memorandum that NPDES authorities should use a numeric target for stormwater volume or impervious cover as a “surrogate parameter” for specific pollutants when developing TMDL WLAs for waters impaired by stormwater sources. We do not believe that the CWA or the Agency’s implementing regulations give EPA the authority to regulate flow as a surrogate for pollutants in TMDLs. CWA § 303(d) requires each State to establish the total maximum daily load for specific “pollutants,” at a level necessary to implement the applicable water quality standards for those pollutants. Stormwater flow or volume, while it may contribute to “pollution” within the meaning of CWA § 502(19), is not a “pollutant” as defined in CWA § 502(6). We do not believe that the statement in 40 CFR §130.2(i) that “TMDLs can be expressed in terms of mass per time, toxicity or other appropriate measure” relieves the permitting authority of the obligation to calculate the necessary load for specific pollutants. Nor does the mere fact that “it may be difficult to identify a specific pollutant (or pollutants) causing the impairment” for waters impaired by stormwater sources excuse the requirement that “TMDLs shall be established for all pollutants preventing or expected to prevent attainment of water quality standards.” 40 CFR § 130.7(c)(1)(ii).

Although the concept of using flow or impervious cover as surrogates for pollutants in setting TMDL loading targets may have been implemented in some States (Connecticut, Maine and Vermont), as EPA suggests, to our knowledge the legal basis for this approach has not yet been examined by the courts, and it has been opposed in other locations. For example, the comments filed by the Commonwealth of Virginia Department of Transportation (VDOT) to the draft Benthic TMDL for Accotink Creek in Fairfax County, Virginia, point out that since stream flow is not a pollutant the draft TMDL fails to establish a quantifiable load for anything within the legal definition of a pollutant. VDOT recommends, instead, that stream flow and subsequent reductions in flow be identified as possible best management practices during implementation as opposed to being used for the WLA.<sup>3</sup>

We agree that reductions in stormwater flow through the implementation of BMPs, including “green infrastructure” and “low impact development” can help reduce pollutant loads from municipal stormwater sources and achieve improvements in water quality. However, under the Agency’s existing statutory and regulatory authority, those reductions cannot be expressed as specific numeric targets for stormwater flow volume or impervious cover in calculating TMDL WLAs.

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<sup>3</sup> Comments submitted to EPA Region 3 on August 11, 2010.

## Conclusion

The undersigned organizations and their members are committed to improving municipal stormwater quality through the use of BMPs and green infrastructure/LID concepts. We are eager to continue working with the Agency on water quality improvements for both stormwater and non-stormwater discharges. However, the implementation of numeric limits continues to be inappropriate both economically and technologically until such time as treatment technology advances to a state where larger volume flows can be treated in a more economic fashion. Given these difficulties and in light of the dramatic changes to EPA's existing policies for municipal stormwater permits reflected in the November 12 memorandum, as well as the fundamental shortcomings in the Agency's analysis of its legal authority for those changes, we recommend that the memorandum be withdrawn for further consideration. That process should include consultation with the regulated community, and we look forward to working with the Agency in that regard. Further, such sweeping changes to the Agency's municipal stormwater program are premature and should not be implemented prior to the release of the final regulations that the Agency is expecting to issue by November of 2012.

Sincerely,



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