

# Cost Development and Regulatory Impact Assessment

## Introduction

The Safe Drinking Water Act and the other legislative actions increase the number and scope of analyses to be provided in support of any future regulation. More in-depth evaluation of costs and benefits, competing treatment effects, sensitive subgroups, affordability, multiple water system strata, and capacity must be conducted for future proposals. Activities under this program are developing the models and methods needed for the conduct of Regulatory Impact Assessments (RIAs).

## Statutory Requirements and Time Frame

Sections 1412, 1415 and 1420 of SDWA, the Unfunded Mandates Reform Act (UMRA), Small Business Regulatory Enforcement Fairness Act (SBREFA), and a number of Executive Orders all present analytical requirements that are being addressed. Implementation of changes will occur over time. The intent is to incorporate as many elements of the new models as possible into the upcoming radon, arsenic and ground water disinfection rule RIAs. As a longer term matter, sensitivity and uncertainty analyses are being undertaken to establish up-front data quality objectives and information needs for future rules.

## Need for Activity/Benefits of Activity

In revising SDWA, Congress recognized the need for more effective prioritization of drinking water regulatory needs as well as for the evaluation of small community water supply compliance costs. Congress also indicated a strong desire for a more scientifically sound decision making process. This team's efforts are designed to provide the analytical tools which will allow the Agency and stakeholders to effectively discriminate among regulatory alternatives.

## Detail of Activities

A standard format for the presentation of future RIAs has been developed as a consequence of stakeholder consultations. The first phase of changes to the model systems (i.e. typical water systems of various sizes and source types used to estimate regulatory costs and benefits for a large group of similar systems) will be placed on the web for review in the coming months. A report characterizing the Agency's position on a small water system national affordability criterion is also nearing completion. Additional ongoing efforts address treatment technology cost estimating assumptions, model system geometries, modeling of governmental burden associated with new rules, RIA precision and accuracy capabilities, industry/consumer/government/water quality baselines definition, and inter-regulatory impact estimation.

## Opportunities for Public Involvement

As major technical reports are developed, they will be announced or made available on this web page for external comment as part of the peer review cycle. Policy oriented developments such as the National Affordability Criterion and Compliance Decision Trees will be discussed at stakeholder meetings held in conjunction with individual regulations. Additional meetings related solely to cost analysis are not anticipated for the coming year.

- The following documents were discussed at a September stakeholders meeting in Washington, DC.

Review of Requirements and Program Design to Accomplish Them

Proposed Outlines for Future Regulation Support

Baseline Data and Affordability

Model Systems Plan

Health Effects Profiling for Future Regulations

The Benefits of Drinking Water Regulations

Quality Objectives for the RIA Process Cost Development and Regulatory Impact Assessment

Benefits Analysis for Proposed Drinking Water Regulations

For more information, contact EPA's [Safe Drinking Water Hotline](#), 1 (800) 426-4791.