

**Comments in Response to the  
Environmental Protection Agency's and U.S. Army Corps of Engineers'  
Draft Guidance on Identifying Waters Protected by the Clean Water Act  
EPA-HQ-OW-2011-0409**

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**I. Introduction and Coalition's**

Institute; The Fertilizer Institute; Florida Sugar Cane League; Foundation for Environmental and



2011 Sunding Report at 3. Every \$1 billion of residential construction generates around 16,000 jobs. *Id.* Spending on commercial and institutional facilities such as shopping centers, schools, office buildings, factories, libraries, and fire stations has a somewhat larger job creation effect, at around 18,000 jobs per \$1 billion of spending. *Id.*

Many of the Coalition's members construct critical infrastructure: highways, bridges, tunnels, airports, electric generation, transmission, and distribution facilities, and pipeline facilities. In 2009, the federal government spent \$39 billion on new highway infrastructure. *Id.* Not only are investments in infrastructure critical to quality of life throughout the nation, as with residential and commercial construction, the multiplier effect on job creation resulting from such investment is substantial. Every \$1 billion in transportation and water infrastructure construction creates approximately 18,000 jobs. *Id.* Moreover, research has shown that the benefits of infrastructure investments go beyond measures of output and employment and can increase economic growth, productivity, and land values. *Id.* at 2.

The Coalition's agricultural members produce virtually every agricultural commodity produced commercially in the United States, including, but not limited to, significant portions of the U.S. milk, corn, sugar, egg, pork, and beef supply. In addition, other coalition members sell and distribute fertilizer, crop protection, and biotechnology products used by American farmers. In 2009, the gross value added to the U.S. economy by agriculture sector production was \$142.2 billion.<sup>4</sup>

Additionally, Coalition members represent producers of most of America's coal, metals, and industrial and agricultural minerals; the manufacturers of mining and mineral processing

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<sup>4</sup> U.S. Department of Agriculture, Economic Research Service, "Farm Income and Costs: Farm Sector Income Forecast" (Feb. 14, 2011), [http://www.ers.usda.gov/briefing/farmincome/data/va\\_t1.htm](http://www.ers.usda.gov/briefing/farmincome/data/va_t1.htm).

machinery, equipment, and supplies; and the engineering and consulting firms, financial institutions, and other firms serving the mining industry. In 2008, U.S. mining activities (activities associated with mining of coal, metal ores, and non-metallic minerals) directly and indirectly generated nearly 1.8 million U.S. jobs, \$107 billion in U.S. labor income, and \$189 billion in contribution to U.S. gross domestic product (“GDP”).<sup>5</sup> America’s steel industry adds \$350 billion annually to the U.S. economy and generates more than one million direct and indirect jobs.<sup>6</sup>

The Coalition also consists of groups representing the energy industry that generate, transmit, transport, and distribute our Nations’ energy to residential, commercial, industrial, and institutional customers. The electric power industry is a \$372 billion industry that employs nearly 400,000 American workers and represents 3 percent of the U.S. GDP.<sup>7</sup> In 2009, the oil and natural gas industry supported a total value added to the national economy of more than \$1 trillion or 7.7 percent of the U.S. GDP.<sup>8</sup> Natural gas currently constitutes approximately 25 percent of energy consumption in the United States, and should approach 30 trillion cubic feet by the end of the next decade if the supply of gas is developed.<sup>9</sup> This critical growth will be dependent upon large amounts of natural gas pipeline infrastructure being built.

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<sup>5</sup> PricewaterhouseCoopers for the National Mining Association, *The Economic Contributions of Mining in 2008*, at E-

Both individually and collectively, the Coalition's members possess a wealth of expertise directly relevant to the issues addressed in the Draft Guidance.

**B. The Scope of CWA Jurisdiction Is Important, and the Coalition Has Been Active in Advocating on this Issue for Years.**

The Coalition members' projects and operations are all regulated (albeit in different

U.S. 715 (2006) (“*Rapanos*”), the Coalition’s members submitted robust comments on the Agencies’ 2008 Guidance Regarding Clean Water Act Jurisdiction After *Rapanos*.<sup>11</sup> In those comments, the Coalition again urged the Agencies to conduct a rulemaking to create the clarity and transparency long sought under the CWA.

**C. Summary of Coalition Comments and Recommendations**

Our comments today set forth numerous concerns with the new 2011 Draft Guidance

Moreover, we believe that the Draft Gui

- The Draft Guidance misinterprets Justice Scalia’s opinion to allow any feature with a channel and at least seasonal flow to qualify as a tributary.
- The Agencies have essentially adopted another version of the “any hydrological connection” standard for tributaries that was rejected by five Justices in *Rapanos*.
- The Agencies may not presume that any feature that qualifies as a tributary will have a si

- The Agencies should confirm the statutory and regulatory exemptio

**A. When an Agency Revises its Regulations or Makes Binding Pronouncements, it Must Follow the APA.**

The APA mandates that specific, binding pronouncements and amendments to pre-existing rules be promulgated pursuant to notice-and-comment rulemaking. *See* 5 U.S.C. § 553. The APA defines a “rule” in part as “an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy” and “rule making” as the agency’s process for “formulating, amending, or repealing a rule.” *Id.* § 551(4), (5). The APA’s various procedural requirements generally include a notice of proposed rule making published in the *Federal Register*, which includes an explanation of the proposed rule, the data supporting it, and an opportunity for interested persons to submit written data, views, or arguments. 5 U.S.C. § 553(b)-(c). An agency is required to consider the comments it receives and to publish a final rule together with a statement of basis and purpose explaining the rationale for its decision. *Id.* § 553(c). As explained by the courts, the agency’s explanation must set forth the facts and data supporting its decision and must meet the test of “reasoned decisionmaking.” *See Motor Vehicle Mfrs. Ass’n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29 (1983) (agency must provide adequate basis and explanation for its decision or it will be set aside). These rules are then subject to judicial review. The Draft Guidance constitutes “rulemaking” within these definitions, and, thus, should have been adopted in accordance with the APA’s procedural requirements, because it does far more than merely “describe for agency field staff the agencies’ current understandings.” Draft Guidance at 1. It effectively amends the regulations at issue in *Rapanos* – 33 C.F.R. §§ 328.3(a)(1), (a)(5), (a)(7) and 40 C.F.R. §§ 230.3(s)(1), (s)(5), (s)(7) – and the regulation at issue in *SWANCC* -- 33 C.F.R. § 328.3(



Guidance expressly “supersedes” prior interpretations on the scope of “waters of the United States.” Draft Guidance at 1.

The D.C. Circuit has made clear that substantive amendments to, or new interpretations of, pre-existing regulations can only be accomplished through the APA’s specified notice-and-comment rulemaking process because “[t]o allow an agency to make a fundamental change in its interpretation of a substantive regulation without notice and comment obviously would undermine those APA requirements.” *Paralyzed Veterans of Am. v. D.C. Arena L.P.*, 117 F.3d 579, 586 (D.C. Cir. 1997). The APA draws a distinction between legislative rules, which are subject to notice and comment rulemaking requirements, and interpretive rules or guidance, which are not subject to notice and comment rulemaking requirements. *See* 5 U.S.C. § 553(b)(3)(A). Thus, legislative rules, which do not merely interpret existing law or propose policies, but which establish new policies that an agency treats as binding, must comply with the APA, regardless of how they are labeled. *See, e.g., Appalachian Power Co. v. EPA*, 208 F.3d 1015 (D.C. Cir. 2000) (striking down emissions monitoring guidance as legislative rule). *See also Natural Res. Def. Council v. EPA*, No. 10-1056, 2011 WL 2601560, at \*8 (D.C. Cir. July 1, 2011) (vacating guidance that allowed states to propose alternatives to statutorily required fees for ozone non-attainment areas as legislative rule that required notice and comment). *Nat’l Mining Ass’n v. Jackson*, No. 10-1220 (RBW), 2011 U.S. Dist. LEXIS 3710, at \*20-21 (D.D.C. Jan. 14, 2011) (finding challenge to EPA guidance and process memoranda met criteria of final agency action because, among other things, they “‘reflect[] an obvious change’ ... in the permitting regime set forth in Section 404 of the Clean Water Act and in the regulations implementing that provision” and were binding and being implemented); *New Hope Power Co. v. U.S. Army Corps of Eng’rs*, 746 F. Supp. 2d. 1272, 1283-84 (S.D. Fla. 2010) (striking Corps

guidance purporting to amend the prior converted croplands exclusion because it amounted to new legislative and substantive rules that created a binding norm and the Corps failed to comply with the APA).

The idea that the Draft Guidance is “not binding and lacks the force of law” as the Agencies claim is simply not true. Draft Guidance at 1. The same statement was made with respect to *Rapanos* guidance. Yet, it was accompanied by a detailed form for implement

*EPA*, 197 F.3d 543, 546 (D.C. Cir. 1999). *See also Alaska Prof'l Hunters Ass'n v. FAA*, 177 F.3d 1030, 1034 (D.C. Cir. 1999) (“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.”).

Here, despite the Agencies’ repeated assertions that the Draft Guidance is nothing but “guidance,” it amounts to a modification of the Corps’s and EPA’s existing regulations, which cannot be undertaken without undergoing formal notice and comment rulemaking. For example, the Agencies effectively engage in rulemaking by amending the meaning of the regulatory definition of “waters of the United States.” 33 C.F.R. § 328.3(a)(5). Because this new definition will have a substantial, binding impact on the Agencies and the public, it should be defined through rulemaking -- not guidance. The Agencies also claim that the Draft Guidance will apply to all programs, including the CWA section 311 oil spill program. In *Am. Petroleum Inst. v. Johnson*, 541 F. Supp. 2d 165 (D.D.C. 2008), the court ruled that EPA’s proposed new definition of

jurisdiction in great detail, and, as explained further in these comments, it effectively revises those regulations. The public and Agency staff will now have to revisit the regulations that have, for many years, defined the scope of the Agencies' regulatory activities in light of the Draft Guidance.

Finally, administrative agencies, like EPA and the Corps, are always obligated to assure themselves of their own jurisdiction *before* issuing rules founded on that jurisdiction. Jurisdiction, after all, is the *sine qua non* of agency action. *La. Pub. Serv. Comm'n v. FCC*, 476 U.S. 355, 374 (1986) (“an agency literally has no power to act... unless and until Congress confers power upon it”). And the Agencies must support their action by “reasoned decisionmaking.” *See Motor Vehicles Mfrs. Ass'n*, 463 U.S. at 43, 52 (1983) (agency action found to be arbitrary and capricious for failure to articulate a satisfactory explanation for its action including a “rational connection between the facts found and the choice made”) (quoting *Burlington Truck Lines, Inc. v. United States*, 371 U. S. 156, 168 (1962)). The Draft Guidance fails to explain the bases for the Agencies' purported jurisdiction and fails to articulate a connection between “the facts found and the choice made.” *Id.* For example, as discussed further herein, the Agencies have not articulated their rationale for calling proximate other waters jurisdictional and concluding that tributaries that have some flow have a significant nexus. This Draft Guidance also applies broadly to all CWA programs, not just section 404, like earlier guidance. And the Agencies have failed to explain the implications of the Draft Guidance on those other programs. An agency must cogently explain why it has exercised its discretion in a given manner, *see, e.g., Atchison, T. & S. F. Ry. Co. v. Wichita Bd. of Trade*, 412 U.S. 800, 806 (1973); *FTC v. Sperry & Hutchinson Co.*, 405 U.S. 233, 249 (1972); *NLRB v. Metro. Life Ins. Co.*, 380 U.S. 438, 443 (1965). The Draft Guidance does not even begin to meet this standard.

Therefore, it is the Coalition's position and recommendation that the Draft Guidance not be finalized.

**B. The Agencies' Pledge to Promulgate a Rulemaking at Some Later, Undefined Date is Cold Comfort.**

For over two decades, the Agencies have ignored court precedent and their own promises to correct jurisdictional deficiencies and uncertainties in their regulations. In 1988, the U.S. District Court for the Eastern District of Virginia held that the Migratory Bird Rule was illegally promulgated without notice and comment and therefore could not be used to establish jurisdiction over isolated waters and wetlands.<sup>14</sup> In response to the district court's ruling, the Department of the Army and EPA issued a joint guidance memorandum on January 24, 1990, "provid[ing] direction on the continued assertion of jurisdiction over isolated waters. . . in the wake of the *Tabb Lakes*

semiannual regulatory agenda.<sup>18</sup> Yet, in November 2003, after receiving “133,000 comments [on the ANPRM] with widely differing views on the need for a new regulation and the scope of Clean Water Act jurisdiction,”<sup>19</sup> the Agencies decided instead to abandon these efforts and considered the matter “completed” and “withdrawn.”<sup>20</sup>

In 1997, the Fourth Circuit considered another case addressing the Corps’ authority over “isolated waters.” In *United States v. Wilson*, 133 F.3d 251 (4th Cir. 1997), defendants appealed a conviction of felony violations of the CWA for discharging fill and excavated material into wetlands of the United States without a permit. Defendants challenged, among other things, the validity of federal regulations that regulated activities that “could affect” interstate commerce. The Fourth Circuit invalidated 33 C.F.R. § 328.3(a)(3), even before *SWANCC*, on the ground that the regulation of activities that “could affect” interstate commerce exceeded the Corps’ statutory authorization.<sup>21</sup>

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<sup>18</sup> *Id.*; 55 Fed. Reg. 45,134, 45,162 (Oct. 29, 1990); 56 Fed. Reg. 17,980, 18,008 (Apr. 22, 1991); 56 Fed. Reg. 54,012, 54,042 (Oct. 21, 1991); 57 Fed. 17,378, 17,407 (Apr. 27, 1992); 57 Fed. Reg. 52,024, 52,055 (Nov. 3, 1992); 58 Fed. Reg. 24,996, 25,028 (Apr. 26, 1993); 58 Fed. Reg. 56,998, 57,030 (Oct. 25, 1993); 59 Fed. Reg. 21,042, 21,079 (Apr. 25, 1994); 59 Fed. Reg. 58,200, 58,237 (Nov. 14, 1994); 60 Fed. Reg. 23,928, 23,965 (May 8, 1995); 60 Fed. Reg. 60,604, 60,645 (Nov. 28, 1995); 61 Fed. Reg. 23,610, 23,651 (May 13, 1996); 61 Fed. Reg. 63,122, 63,168 (Nov. 29, 1996); 62 Fed. Reg. 22,296, 22,345 (Apr. 25, 1997); 62 Fed. Reg. 58,080, 58,126 (Oct. 29, 1997); 63 Fed. Reg. 22,602, 22,734 (Apr. 27, 1998); 63 Fed. Reg. 62,348, 62,463 (Nov. 9, 1998); 64 Fed. Reg. 21,898, 22,037 (Apr. 26, 1999); 64 Fed. Reg. 65,010, 65,141 (Nov. 22, 1999); 65 Fed. Reg. 23,430, 23,574 (Apr. 24, 2000); 65 Fed. Reg. 74,478, 74,612 (Nov. 30, 2000); 66 Fed. Reg. 26,120, 26,258 (May 14, 2001); 66 Fed. Reg. 62,240, 62,384 (Dec. 3, 2001); 67 Fed. Reg. 33,724, 33,864 (May 13, 2002); 67 Fed. Reg. 74,051, 74,215 (Dec. 9, 2002) and 67 Fed. Reg. 75,168, 75,299 (Dec. 9, 2002); 68 Fed. Reg. 30,942, 31,101 (May 27, 2003).

<sup>19</sup> U.S. General Accounting Office, GAO-04-297, WATERS AND WETLANDS: CORPS OF ENGINEERS NEEDS TO EVALUATE ITS DISTRICT OFFICE PRACTICES IN DETERMINING JURISDICTION, at 10 (Feb. 2004), available at <http://www.gao.gov/new.items/d04297.pdf>.

<sup>20</sup> 68 Fed. Reg. 73,540, 73,686 (Dec. 22, 2003).

<sup>21</sup> *Wilson*, 133 F.3d at 257.

Following the decision in *Wilson*, EPA and the Corps issued another joint document to provide guidance on the regulations concerning jurisdiction over “isolated waters.” See EPA & Corps, “Guidance for Corps and EPA Field Offices Regarding Clean Water Act Section 404 Jurisdiction Over Isolated Waters in Light of *United States v. James J. Wilson*” (May 29, 1998) (“*Wilson* guidance”) (attached hereto as Exhibit

Justice Breyer was even more direct, calling on the Corps “to write new regulations, and speedily so.” *Id.* at 812 (Breyer, J., dissenting). And Justice Kennedy’s admonition that, “[a]bsent more specific regulations,” significant nexus must be determined “case-by-case,” *id.* at 782, casts doubt on some of the categorical positions the Draft Guidance adopts. Thus, the overall message from the Court is unmistakable – the Agencies must engage in rulemaking to define their jurisdictional authority.

But rather than follow this instruction, the Agencies issued yet more guidance.<sup>24</sup> Until a comprehensive set of rules regardi



administration. Carefully focused and well founded rulemaking, on the other hand, will advance the public interest by setting clear and consistent regulatory standards that promote compliance with the law, inform the public about the rules by which they must live, and provide guidance to field regulators who must apply these complex regulations to hundreds of thousands of projects every year.

Rulemaking requires agencies to provide a statement of basis and purpose and the data that support the decisions the agencies have reached. *Burlington Truck Lines*, 371 U.S. at 168 (the APA requires findings and analysis to support the agency's choice and an indication of the bases upon which the agency relied in exercising its discretion); *Nat'l Lime Ass'n v. EPA*, 627 F.2d 416, 430 (D.C. Cir. 1980) (the APA requires adequate proof to support an agency decision). The Agencies are, furthermore, required to articulate a connection between those facts and the conclusions they have reached to the public. *Burlington Truck Lines*, 371 U.S. at 168. Here, for example, the Agencies have determined that all tributaries or all other waters are "similarly situated" and, through the Draft Guidance, the Agencies have created a category of "closely

with the comments and to send a clear and consistent message about what the final rule does. Currently, the Agencies have been participating in one-on-one meetings with various stakeholders, including members of the Coalition. Through these meetings, the Coalition's members have received informal comments from the Agencies about their intent and rationale for the Draft Guidance, and what certain provisions may or may not mean in practice. This type of ad hoc communication only creates confusion and inconsistent messaging. Rulemaking, on the other hand, explains agency decisionmaking in a systematic way that is more transparent.

Finally, rules are subject to judicial review and thus protect against agency action that is "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law." 5 U.S.C. § 706(2)(A). A reviewing court will scrutinize the record developed by the Agencies to determine whether they acted within their lawful discretion and reached appropriate decisions based on the relevant evidence. *Citizens to Preserve Overton Park, Inc. v. Volpe*, 401 U.S. 402, 416 (1971). Absence of sufficient and formal findings will result in a remand to the agency, *id.* at 417, which will only delay implementation.

In sum, the Draft Guidance is more than mere guidance. It binds the Agencies into treating certain waters as "waters of the United States." Accordingly, the Coalition requests that the Agencies follow the Supreme Court's admonition in *Rapanos*, carry through on they

629, 632 n.1 (5th Cir. 1967) (Executive Orders issued pursuant to statutory authority have the force and effect of law). While the Coalition sets forth several of those requirements here, for illustrative purposes, there are undoubtedly others that equally apply and also require appropriate compliance.

First, the Draft Guidance should have been adopted in compliance with the Regulatory Flexibility Act (“RFA”), 5 U.S.C. §§ 601-612. The RFA was developed in recognition of the economic importance of small businesses, and it attempts to ensure that regulations be promulgated with these entities in mind. Thus, the RFA requires agencies to analyze the impact a rule may have on small business, and, if that impact is substantial, the agency must seek a less burdensome alternative. *Id.* § 604 (a)(4). Agencies must publish initial and final regulatory flexibility analyses, with time for notice and comments. The final regulatory flexibility analysis must contain a statement of the need for, and objectives of, the rule; a summary of the significant issues raised in public comments, the agency assessment of such issues, and a statement of any changes made in the proposed rule as a result of such comments; an estimate of the number of small entities to which the rule will apply; a description of compliance requirements of the rule; and a description of the steps the agency has taken to minimize the significant economic impact on small entities. *Id.* § 604(a).

Second, the Agencies must ensure that any final guidance complies with Executive Order No. 12,866 of September 30, 1993, titled “Regulatory Planning and Review” (“E.O. 12,866”). 58 Fed. Reg. 51,735 (Oct. 4, 1993). Pursuant to E.O. 12,866, each agency “shall avoid regulations that are inconsistent, incompatible, or duplicative with its other regulations or those of other Federal agencies.” *Id.* § 1(b)(10). An agency also has the duty to tailor its regulations and guidance documents to impose the least burden on society, including individuals, businesses

of differing sizes, and other entities consistent with obtaining regulatory objectives, taking into account, among other things, the cost of cumulative regulations. *Id.* § 1(b)(11). Lastly, E.O. 12,866 requires that the public be provided “meaningful participation” in the regulatory process. *Id.* § 6(a)(1). Where appropriate, agencies must seek involvement of those who will either benefit or be burdened by the proposed regulation. *Id.*

Third, Executive Order 13,132 of August 4, 1999, titled “Federalism” (“E.O. 13,132”), establishes requirements for policies that have “federalism implications,” defined as agency regulations or other policy statements or actions with substantial direct effects on the states, their relationship with the national government, or the distribution of power and responsibilities among the levels of government. 64 Fed. Reg. 43,255 (Aug. 10, 1999), § 1(a). The purpose of E.O. 13,132 is to ensure that, in formulating and implementing policies with federalism implications, agencies are guided by certain fundamental principles. For example, the federal government must be deferential to states when taking action affecting the state’s policymaking discretion and must carefully assess the need for action limiting state discretion and limit state discretion only where national activity is appropriate in light of a problem of national significance. With respect to federal statutes and regulations administered by states, states are to be granted the maximum administrative discretion possible and encouraged to develop state policies to achieve program objectives. Finally, the federal government must consult with state and local officials regarding the need for national standards. *Id.* §§ 2-3. Accordingly, agencies may not promulgate a regulation that has federalism implications, imposes substantial direct compliance costs on state and local governments, and is not required by statute unless the federal

early in the development of the proposed regulation and conveys their concerns and steps taken to address them to the Office of Management and Budget (“OMB”) and the public. *Id.* § 6(b).

In addition, E.O. 13,132 requires agencies to: (1) provide a federalism summary impact statement in the preamble to the regulation that summarizes the extent of the agency's consultation with state and local officials, the nature of state and local concerns and the agency's position supporting the need to issue the regulation, and the extent to which state and local officials are consulted.

of information,” regardless of whether the collection is contained in a proposed rule or another format. 44 U.S.C. §§ 3507(a)(3), (c). If the agency fails to display a valid control number assigned by the Director on a collection of information, the collection is considered “bootleg,” and the public may ignore it without penalty. *Smith*, 866 F.2d at 1094; 44 U.S.C. § 3512 (penalties may not be imposed for failure to comply with an information collection request if the request does not display a valid control number).

In addition to obtaining a control number, an agency must provide the public with notice and an opportunity to comment on (1) whether the proposed collection of information is necessary; (2) whether the agency’s estimate of the burden of the proposed collection of information is accurate; (3) how to enhance the quality, utility and clarity of the information to be collected; and (4) how to minimize the burden of the collection of information on those who are to respond. 44 U.S.C. § 3506(c)(2). Moreover, the agency must certify, and provide a record supporting such certification, that the collection of information, among other things, is necessary for the proper performance of the agency, is not unnecessarily duplicative of information otherwise reasonably accessible to the agency, and reduces, to the extent practicable and appropriate, the burden on persons providing such information. *Id.* § 3506(c)(3).

Implementation of the Draft Guidance, which applies broadly to all CWA programs, not just CWA section 404 like previous guidance, will cause a substantial increase in the number of jurisdictional determinations and permits sought. The process of obtaining a jurisdictional determination or permit requires the compilation of a substantial amount of information. The Draft Guidance does not contain an OMB control number signifying OMB approved of the additional paperwork burden being imposed on the public. Moreover, the Agencies did not

provide a certification and supporting record demonstrating that the collection of information reduced to the extent practicable the burden on the persons supplying the information.

In sum, there are a number of regulatory and statutory requirements, in addition to the rulemaking requirements of the APA, that must be followed when revising the Agencies' CWA regulations. This Administration has committed itself to public participation and transparency. *See, e.g.*, Memorandum by President Barack Obama on Transparency and Open Government to the Heads of Executive Departments and Agencies (Jan. 21, 2009), [http://www.whitehouse.gov/the\\_press\\_office/Transparency\\_and\\_Open\\_Government/](http://www.whitehouse.gov/the_press_office/Transparency_and_Open_Government/) (encouraging public, state, and local participation in the creation of policy; and instructing agencies to take steps to ensure that the government is transparent, participatory, and collaborative). Therefore, it is of critical importance that issues, such as this one, that implicate the nation's economy and have broad application are addressed in compliance with the APA and other applicable regulatory and statutory requirements.

#### **IV. IV.oPEna**

over non-navigable waters on the non-navigable water's relationship to TNWs.<sup>26</sup> Instead of



established, well-recognized cases that define TNWs as waters that (1) are navigable-in-fact (or capable of being rendered so) and (2) together with other waters, form waterborne highways used to transport commercial goods in interstate or foreign commerce. *See The Daniel Ball*, 77 U.S. at 563 (interpreting “navigable waters” to mean waters “which are navigable in fact” and explaining that waters “are navigable in fact when they are used, or are susceptible of being used, in their ordinary condition, as highways for commerce, over which trade and travel are or may be conducted in the customary modes of trade and travel on water”).

It is well accepted that Congress adopted *The Daniel Ball*'s definition of “navigable water of the United States” in the RHA. *See Hardy Salt Co. v. S. Pac. Transp. Co.*, 501 F.2d 1156, 1168 (10th Cir. 1974); *Minnehaha Creek Watershed Dist. v. Hoffman*, 597 F.2d 617, 622 (8th Cir. 1979). Numerous cases handed down in the decades following enactment of the RHA interpreted the term “navigable waters” consistently with *The Daniel Ball* as meaning highways for waterborne, interstate transport of commercial goods—thereby establishing what today is referred to as *traditional* navigable waters. *See, e.g., Leovy v. United States*, 177 U.S. 621, 630 (1900) (relying on *The Daniel Ball*'s definition of navigable waters in interpreting the RHA); *Econ. Light & Power Co. v. United States*, 256 U.S. 113, 121-22 (1921) (same); *Appalachian Elec. Power Co.*, 311 U.S. at 406-07 (same). More recent decisions have confirmed the two-part definition of navigable waters, as understood pursuant to *The Daniel Ball* and RHA case law, such as *Appalachian Elec. Power Co.* *See Minnehaha Creek Watershed Dist.*, 597 F.2d at 622-23; *Hardy Salt Co.*, 501 F.2d at 1169.

Accordingly, when the plurality and Justice Kennedy referred to “traditional interstate navigable waters” and “navigable waters in the traditional sense” and cited *The Daniel Ball* and its progeny, they were clearly referring to the historical definition of “navigable waters” under

*The Daniel Ball* and, subsequently, case law interpreting the RHA. This body of law is well-established and cannot simply be ignored or avoided. However, as explained below, the Agencies' definition of TNW in the Draft Guidance is inconsistent with this body of law and, therefore, inconsistent with the plurality and Kennedy opinions in *Rapanos*.

**1. The Agencies' Definition of "Traditional Navigable Waters" Is Inconsistent with the RHA Definition Cited by the Plurality and Justice Kennedy in *Rapanos*.**

The Agencies have defined TNW in the Draft Guidance as:

[a]ll waters which are currently used, or were used in the past, or may be susceptible to use in interstate or foreign commerce, including all waters which are subject to the ebb and flow of the tide. 33 C.F.R. § 328.3(a)(1); 40 C.F.R. § 230.3(s)(1); 40 C.F.R. § 122.2 ("waters of the U.S." (a)); 40 C.F.R. § 110.1 ("navigable waters" (a)) . . . The traditional navigable waters include all of the

*Id.* The Agencies’ new definition broadly expands the concept of TNWs and is inconsistent with the definition in *The Daniel Ball* and *Appalachian Elec. Power Co.* relied on by the plurality and Justice Kennedy.

First, by conflating their regulatory definition of 33 C.F.R. § 328.3(a)(1) waters and the new definition of TNW, the Agencies have completely eliminated the second prong of the well-established TNW definition—*i.e.*, the requirement that the water in question, together with other water bodies, form an interconnected highway to carry *commercial goods* in interstate or foreign commerce. Although the Agencies’ TNW definition (and 33 C.F.R. § 328.3(a)(1)) use terms similar to the second prong of the classic TNW definition, it reaches waters that are, were or could be subject to *any use* in interstate commerce, not as an interconnected highway for waterborne, interstate transport of commercial goods. This is a critical expansion, as the cases cited by the plurality and Justice Kennedy as authorities for the meaning of TNW emphasize the use of such waters as “highways for commerce.” *The Daniel Ball*, 77 U.S. at 563. Use in interstate commerce is far broader than use as “highways for commerce, over which trade and travel are or may be conducted in the customary modes of trade and travel on water.” *Id.*

Second, the Draft Guidance notes that “traditional navigable waters include, *but are not limited to*, the ‘navigable waters of the United States’ within the meaning of section 10 of the Rivers and Harbors Act of 1899.” Draft Guidance at 6 (emphasis in original). It is clear that the Agencies believe that the concept of TNWs expands beyond the “navigable waters of the United States” under the RHA. But the definition of TNWs relied on by the plurality and concurring opinions in *Rapanos* was based on *The Daniel Ball* and subsequent RHA case law. And the Agencies have not provided any support for their expanded definition or explained how TNWs and “navigable waters” under the RHA are different.

**2. The Agencies Rely on Two Inapposite Cases to Support Their Novel Evidentiary Standard for Demonstrating Susceptibility for Use for Commercial Navigation.**

The Agencies explain that waters will be considered TNWs if “[t]hey are susceptible to being used in the future for commercial navigation” and that this can be demonstrated by “current boating trips or canoe trips for recreation or other purposes.” Draft Guidance at 6. Thus, the Draft Guidance suggests that the Agencies intend to treat a water body as a TNW simply because a canoe or a kayak can float on it.<sup>27</sup> This is an impermissible expansion of the “navigable waters” definition under *The Daniel Ball* and subsequent case law interpreting the RHA, that was relied on by both the plurality and concurring opinions in *Rapanos*.<sup>28</sup>

In the Appendix to the Draft Guidance, the Agencies cite to two cases as support for the broadened definition of TNWs and claim that these cases provide specific examples of evidence that is sufficient to show a water is “susceptible to being used for commercial navigation such that it is a traditional navigable water”: *FPL Energy Me. Hydro LLC v. FERC*, 287 F.3d 1151 (D.C. Cir. 2002) and *Alaska v. Ahtna, Inc.*, 891 F.2d 1401 (9th Cir. 1989). Draft Guidance at 23-

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<sup>27</sup> This new single-recreational use standard for TNWs is substantially similar to the Agencies’ regulatory definition of 33 C.F.R. § 328.3(a)(3) “other waters” (“(a)(3)” or “other waters”). In the Agencies’ regulatory definition of “waters of the United States,” the Agencies identify as jurisdictional “all other waters,” which, among other things, “are or could be used by interstate or foreign travelers for recreational or other purposes.” 33 C.F.R. § 328.3(a)(3)(i). The *SWANCC* Court questioned the Agencies’ attempt to regulate (a)(3) other waters, which are isolated and of limited flow, based on tenuous impacts on commerce. *See SWANCC*, 531 U.S. at 173 (finding that the Corps’ assertion of jurisdiction over isolated ponds was “a far cry, indeed, from the ‘navigable waters’ and ‘waters of the United States’ to which the statute by its terms extends”). Yet the Agencies now apply this same thin standard based on tenuous impacts to commerce to find that a water is a TNW.

<sup>28</sup> Even in the Agencies’ 2008 *Rapanos* Guidance, the Agencies required a fairly substantial amount of evidence of regular usage to show susceptibility for future use for commercial navigation such that a water would be considered a TNW. The *Rapanos* Guidance noted that “[s]usceptibility to future commercial navigation, including commercial water-borne recreation, will not be supported when the evidence is insubstantial or speculative.” *Rapanos* Guidance at 5 n.20. Under the *Rapanos* Guidance, a water body would not have been considered a TNW simply because a canoe or a kayak can float on it.

24. However, these two cases cited by the Agencies are inapposite because neither arises in the context of the CWA or the RHA and, therefore, they do not involve the “navigable water” standard that the plurality and Justice Kennedy both relied on in *Rapanos*. As the Supreme Court has explained, “any reliance upon judicial precedent” on the subject of navigability “must be predicated upon careful appraisal of the *purpose* for which the concept of ‘navigability’ was invoked in a particular case.” *Kaiser Aetna v. United States*, 444 U.S. 164, 171 (1979) (emphasis in original). The United States recently made this point in its *Amicus Curiae* brief recommending the denial of a petition for *writ of certiorari* in *PPL Mont., LLC v. Montana*, stating that “the precise legal standard [for navigability] and its application vary depending on the purpose for which a specific determination is being made.”<sup>29</sup> It is contradictory for the United States, on the one hand, to rely on the distinction between legal standards for navigability in the *PPL Mont.* brief, but, on the other hand, to rely on *FPL Energy Me. Hydro LLC* and *Ahtna, Inc.*, which do not examine “navigability” for CWA or RHA purposes, to support the Draft Guidance’s definition of “traditional navigable waters” under the CWA.

In *FPL Energy Me. Hydro LLC*, the D.C. Circuit examined whether a stream was “navigable” under the Federal Power Act (“FPA”) and found that there was sufficient evidence that the stream met the FPA’s broad definition of “navigable waters” based on three experimental canoe trips and the stream’s physical characteristics. 287 F.3d at 1160. The Agencies’ reliance on this case as an example of evidence that is sufficient to show a water is a

TNW is problematic fopa pQ D p' .icA p\$ whD

*Daniel Ball* and RHA standard, which requires that “navigable waters” be used or are susceptible to being used “as highways for commerce, over which trade and travel are or may be conducted in the customary modes of trade and travel on water,” *The Daniel Ball*, 77 U.S. at 563, to meet the broader FPA statutory definition of “navigable waters,” waters must simply be “used or suitable for use for the transportation of persons or property in interstate or foreign commerce.” *FPL Energy Me. Hydro LLC*, 287 F.3d at 1154 (citing 16 U.S.C. § 796(8)). Second, *FPL Energy Me. Hydro LLC* does not arise in the context of the CWA and, thus, does not examine whether a water meets the CWA’s definition of “navigable waters.” Third, the Agencies use this case in the Draft Guidance to support the notion that “[a] trip taken solely for the purpose of demonstrating a waterbody can be navigated would be sufficient” to show that a water is susceptible to future commercial navigation and therefore can be considered a TNW. *See* Draft Guidance at 6 n.v. However, this overstates the holding of *FPL Energy Me. Hydro LLC*. The Court’s decision in that case that the stream at issue was a “navigable water” was based in part on the stream’s physical characteristics—depth, width, etc.—and the separate determination that because of the stream’s physical characteristics, it could support commercial navigation. 287 F.3d at 1159. The stream at issue had certain “obstacles” (three sets of rapids or “rips,” a bridge, and two islands), but the three canoe trips taken for the purpose of litigation “successfully crossed” the rapids and other obstacles. *Id.* at 1158. As such, the Cour” .F.3d D cDhDKGuBd D Gdhynw D p

*Ball* and RHA standards. That a canoe can be successfully navigated downstream does not demonstrate that the stream is a “highway of commerce,” or susceptible of becoming one. Therefore, contrary to the Agencies’ suggestion, the *FPL Energy Me. Hydro LLC* decision does not stand for the proposition that a canoe trip taken solely for the purpose of demonstrating navigability is sufficient to show that a water is a TNW under the CWA.

The Agencies also claim that *Ahtna, Inc.* provides a specific example of evidence that is sufficient to show a water is “susceptible to being used for commercial navigation such that it is a traditional navigable water.” Draft Guidance at 23-24. In that case, the Ninth Circuit examined whether a river was navigable such that title to the lands beneath the water would be vested in the State of Alaska under the Submerged Lands Act of 1953 and the “equal footing doctrine.” *Ahtna, Inc.*, 891 F.2d at 1404. The court held that at the time of statehood, the river was susceptible to use as a highway for commerce and thus was “navigable” under the Submerged Lands Act based on the river’s present commercial use by a fishing and sightseeing industry that employs approximately 400 people. *Id.* at 1405.

(1935) (finding that five bodies of water were not “navigable” for purposes of title action despite use by fur trappers, canoes, row boats and limited use by motor boats); *North Dakota v. United States*, 972 F.2d 235 (8th Cir. 1992) (finding that evidence of modern-day canoe use was not sufficient to show that the Little Missouri River was a “navigable water” at the time of North Dakota’s statehood under the “equal footing doctrine”). As explained by the Fourth Circuit, although activity such as recreational boat use “might amount to commercial activity, which even may affect interstate commerce, the [water body] does not thereby become a waterway for commerce between the states.” *See Alford v. Appalachian Power Co.*, 951 F.2d 30, 33 (4th Cir. 1991) (finding that Smith Mountain Lake was not a “navigable water” for purposes of admiralty jurisdiction despite use of the lake for dinner and sightseeing cruises and recreational boat use). Thus, federal law does not support a navigability determination based on recreational use of water.

Waters that do not meet the two-part definition of navigable waters, as understood pursuant to *The Daniel Ball* and RHA case law, may still be regulated under the CWA.

However, such non-TNWs cannot be labeled TNWs as the term was used by the plurality a n





The Interstate Waters Attachment to the Draft Guidance does not provide any explanation why interstate waters are now deemed to be the equivalent of TNWs. And, in fact, there is no rational explanation. For example, Exhibit 7 shows the Little Colorado River watershed indicating many streams and tributaries of varying sizes and flows. Some of the minor streams shown in this Exhibit happen to cross the border between Arizona and New Mexico. Under the Draft Guidance, these tiny features will be considered interstate waters and will be equated to TNWs. These small features that happen to cross the border are a far cry from the Colorado River, the closest TNW,<sup>31</sup> yet the Draft Guidance treats them the same. To say that such minor non-navigable waters equate to traditional *navigable* waters is linguistically, logically, and legally indefensible. There is no support for the Agencies' new definition of interstate waters in *SWANCC*, *Rapanos*, or *United States v. Riverside Bayview*

In sum, the Agencies have failed to articulate any reason to justify the status they have now accorded to interstate waters. It is not defensible under the CWA

which they abutted that informed its reading of the CWA in *Riverside Bayview* and that *Riverside Bayview* did not establish that the Corps' jurisdiction "extends to ponds that are *not* adjacent to open water." *Id.* at 167-68 (emphasis in original). Rather, the Court found that the Corps could not use the Migratory Bird Rule to assert jurisdiction over "nonnavigable, isolated, intrastate waters"—which, unlike the wetlands at issue in *Riverside Bayview*, did not actually abut a navigable waterway—as "waters of the United States." *Id.* at 168, 171. Thus, the *SWANCC* Court held that the Corps had exceeded its authority under the CWA in asserting jurisdiction over the isolated sand and gravel pit at issue through the Migratory Bird Rule. *Id.* at 174.

**b. *Rapanos* Plurality Opinion**

After *SWANCC*, in an attempt to side-step the *SWANCC* Court's limitations on CWA jurisdiction, the Agencies began to assert jurisdiction over any non-navigable water that had "any hydrological connection" to navigable waters. Essentially, the Agencies had figured out a way to limit substantially the ruling in *SWANCC*, because if a water had a hydrological connection, then it could not be considered "isolated," and therefore, *SWANCC* did not apply. This approach to jurisdiction was challenged in two consolidated cases, *Rapanos v. United States* and *Carabell v. United States*, in which the Court considered whether wetlands that were not adjacent to TNWs constituted "waters of the United States" under the CWA. *Rapanos*, 547 U.S. at 729. At issue in *Rapanos* were three wetland parcels (two "adjacent" to a drain, one "adjacent" to a river) located 11 to 20 miles away from the nearest navigable water. *Id.* at 720, 729. At issue in *Carabell* was a wetland located about a mile away from a navigable water. *Id.* at 730. The wetland was near a drainage ditch but separated from the drainage ditch by an intervening berm. *Id.* The government argued that the wetlands at issue in *Rapanos* and *Carabell* could be considered

“adjacent to” a remote

water” and thus whether the Agencies may assert jurisdiction under the Act. *See id.* at 767.

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wide room for regulation of drains, ditches, and streams *remote from any navigable-in-fact water and carrying only minor water volumes toward it*,” which precludes the standard’s adoption as the determinative measure of jurisdiction. *Id.* at 781 (emphasis added). Justice Kennedy also used remoteness and quantity and regularity of flow as indicators in his application of the significant nexus test to the facts of *Rapanos* and *Carabell*. He explained that in *Rapanos*, “the record gives little indication of the *quantity and regularity of flow* in the adjacent tributaries—a consideration that may be important in assessing the nexus.” *Id.* at 786 (emphasis added).

Justice Kennedy repeatedly cautions that waters that are “remote” and have “insubstantial,” “speculative,” or “minor flows” are insufficient to establish a significant nexus. He criticized the government’s argument in *Rapanos*, stating that “[t]he Corps’ theory of jurisdiction in these consolidated cases—adjacency to tributaries, *however remote and insubstantial*—raises concerns that go beyond the holding of *Riverside Bayview . . .*” *Id.* at 780 (emphasis added). In addition, he critiqued the dissent opinion:

[T]he dissent would permit federal regulation whenever wetlands lie alongside a ditch or drain, *however remote and insubstantial, that eventually may flow into traditional navigable waters*. The deference owed to the Corps’ interpretation of the statute does not extend so far.

*Id.* at 778-79 (emphasis added). Throughout Justice Kennedy’s opinion, he emphasizes proximity to TNWs and quantity and regularity of flow as critical factors in his significant nexus analysis.

Justice Kennedy recognized that the Agencies could use generic data in a rulemaking to establish categories of waters that are jurisdictional and, in fact, called for a rulemaking if the Agencies seek to identify general categories of tributaries that in the majority of instances have a significant nexus with adjacent wetlands based on quantity of flow, proximity to navigable waters, or other relevant considerations. *Id.* at 781. However, Justice Kennedy found that

“[a]bsent more specific regulations, . . . the Corps must establish a significant nexus on a case-by-case basis when it seeks to regulate wetlands based on adjacency to nonnavigable tributaries.” *Id.* at 782. Because of the overbreadth of the Corps’ regulations, Justice Kennedy found that a case-by-case determination is necessary to “avoid unreasonable applications of the statute.” *Id.*



*Bayview*, concerned the scope of the Corps' authority to regulate adjacent *wetlands*. . . No Justice, even in dictum, addressed the question whether all waterbodies with a significant nexus to navigable waters are covered by the Act." 481 F.3d 700, 707 (9th Cir. 2007).

Indeed, Justice Kennedy's concurrence explained that only wetlands with a significant nexus to TNWs are covered by the Act: "[W]etlands possess the requisite nexus . . . if the *wetlands*, either alone or in combination with similarly situated *lands* in the region, significantly affect the chemical, physical, and biological integrity of other covered waters . . ." *Rapanos*, 547 U.S. at 780 (emphasis added). Justice Kennedy noted that the *Riverside Bayview* Court upheld jurisdiction over wetlands directly abutting TNWs because "wetlands adjacent to lakes, rivers, streams, and other bodies of water may function as integral parts of the aquatic environment even when the moisture creating the wetlands does not find its source in the adjacent bodies of water." *Id.* at 779. Thus, Justice Kennedy explained that "wetlands' status as 'integral parts of the aquatic environment'—that is, their significant nexus with navigable waters"—is what enables the Agencies to establish jurisdiction over them as waters of the United States. *Id.*

Justice Kennedy's rationale for the assertion of CWA jurisdiction over wetlands with a significant nexus to TNWs is applicable only for wetlands. Yet, the Draft Guidance applies the significant nexus standard beyond wetlands to tributaries, including ditches, non-wetland "physically proximate" other waters, and non-wetland "non-physically proximate" other waters. Draft Guidance at 8, 19. The Draft Guidance acknowledges that Justice Kennedy's significant nexus test and statements about similarly situated waters were focused only on adjacent wetlands.

traditional navigable water or interstate water.” *Id.* However, the Agencies do not explain why it is “reasonable” to extend the application of Justice Kennedy’s significant nexus test to tributaries and non-wetland “other waters” that are not serving the same integral ecologic functions for those TNWs that wetlands are. Justice Kennedy instructed the Agencies to apply a case-by-case significant nexus analysis when they “seek[] to regulate wetlands based on adjacency to nonnavigable tributaries.” *Rapanos*, 547 U.S. at 782. It is unreasonable for the Agencies to extend Justice Kennedy’s significant nexus test to tributaries and “other waters” because it will lead to the Agencies’ assertion of jurisdiction beyond what Justice Kennedy intended.

**b. The Draft Guidance’s Watershed Aggregation Approach Is Inconsistent with Justice Kennedy’s Opinion which Requires Consideration of Proximity and Quantity and Regularity of Flow.**

Under Justice Kennedy’s significant nexus standard, wetlands come within the statutory phrase “navigable waters” if they “alone or in combination with similarly situated lands *in the region*” have a significant nexus to navigable waters. *Id.* o

the Draft Guidance, small Hydrologic Unit Code (“HUC”)-10 watersheds are typically between 40,000 - 250,000 acres in size (*i.e.*, approximately 60-390 square miles), *id.*, HUC-8 watersheds average 450,000 acres in size, and HUC-6

Moreover, the watershed aggregation approach will lead to extremely broad assertions of jurisdiction over remote waters with insubstantial connections to TNWs, in contradiction of Justice Kennedy’s opinion.<sup>35</sup> In his concurrence, Justice Kennedy rejected the Agencies’ assertion of jurisdiction over non-navigable waters based on “any hydrological connection” to navigable waters. Furthermore, Justice Kennedy repeatedly cautioned that “remote,” “insubstantial,” “speculative,” or “minor” flows are insufficient to establish a “significant nexus.” *Rapanos*, 547 U.S. at 778-79 (“[T]he dissent would permit federal regulation whenever wetlands lie alongside a ditch or drain, however remote and insubstantial, that eventually may flow into traditional navigable waters. The deference owed to the Corps’ interpretation of the statute does not extend so far.”). The Agencies recognized the importance of proximity to navigable waters and amount and regularity of flow in their *Rapanos* Guidance, explaining that “[p]rincipal considerations when evaluating significant nexus include the volume, duration, and frequency of flow of water in the tributary and the proximity of the tributary to navigable water.”<sup>36</sup>

However, with its new watershed aggregation approach, the Draft Guidance makes distance and amount and regularity of flow of little or no consequence to the significant nexus determination.<sup>37</sup> For example, Exhibit 7 is a depiction of the same Little Colorado River

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<sup>35</sup> An EPA economic report, for example, assumes that 100 percent of the waters evaluated under the significant nexus test will be found to be jurisdictional. U.S. EPA, *Potential Indirect Economic Impacts and Benefits Associated with Guidance Clarifying the Scope of Clean Water Act Jurisdiction*, at 6 (Apr. 27, 2011) (“WOUS Economic Report”), <http://water.epa.gov/lawsregs/guidance/wetlands/CWAwaters.cfm>.

<sup>36</sup> *Rapanos* Guidance at 10.

<sup>37</sup> To give effect to the regularity of flow as an important factor in determining significant nexus for streams, for example, the Draft Guidance should, at a minimum, develop certain specific criteria tied to water-level gauging and the ability to support aquatic organisms for a specified minimum period of time.

watershed, indicating many of the tributaries that could potentially have adjacent wetlands. This watershed is over 17 million acres and is replete with drainages of varying sizes and flows. If, in determining the jurisdiction of the wetland at point A, all of the wetlands in this 17 million acre watershed are aggregated, then it is inevitable that the point A wetland will be considered jurisdictional even though it is hundreds of miles from the nearest TNW and may adjoin a drainage that flows only after a heavy rain. Such an aggregation principle completely supersedes any consideration of the wetland's remoteness or its adjacent drainage's irregularity of flow. Thus, the Draft Guidance's instruction to field officers to aggregate all "similarly situated" waters within a watershed to evaluate a water's significant nexus to TNWs and interstate waters expands the significant nexus analysis far beyond what Justice Kennedy intended<sup>38</sup> and allows for the same type of broad jurisdiction that Justice Kennedy rejected in *Rapanos*.

For example, the West is covered with dry washes, arroyos, seasonal waterbodies, and ephemeral streams.<sup>39</sup> These waters were historically outside federal CWA jurisdiction. Rarely can an industrial facility, such as a wind farm or solar facility, be constructed without affecting one or more of these ubiquitous features. These washes flow only rarely, and even more rarely in quantities that could affect other more permanent or significant waterbodies. Under the Draft

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<sup>38</sup> Justice Kennedy's own application of the significant nexus test in *Rapanos* and *Carabell* did not contain any aggregation of wetlands in the same watershed. He did not instruct the lower courts to determine jurisdiction over the wetlands at issue based on the aggregate impacts of all the wetlands surrounding the wetlands at issue (or even to consider other wetlands in the region). Rather, he instructed the lower courts to apply an individual significant nexus test and to examine the distance, quantity and regularity of flow for each wetland at issue. See *Rapanos*, 547 U.S. at 784-87.

<sup>39</sup> The unique hydrologic conditions of the West have been recognized by the Western Governors' Association, which acknowledges that "[t]he arid West includes a wide variety of waters; small ephemeral washes and large perennial rivers; effluent-dependent streams and wild, scenic rivers; as well as natural streams and lakes and man-made reservoirs and water conveyance structures." Western Governors' Association Policy Resolution 08-18, *Water Quality Issues in the West*, available at <http://www.westgov.org/policies>.

Guidance, however, these washes will all be aggregated together to establish a significant nexus. Applying the Draft Guidance's aggregation approach to jurisdiction makes little sense and appears at odds with Kennedy's significant nexus standard and his emphasis on proximity to TNWs and regularity of flow.

**c. The Agencies Misconstrue Justice Kennedy's Use of "Similarly Situated" in the Significant Nexus Test.**

Under Justice Kennedy's significant nexus test, "wetlands possess the requisite nexus, and thus come within the statutory phrase 'navigable waters,' if the wetlands, *either alone or in combination w*

waters of the United States. *Rapanos*, 547 U.S. at 779. That is, the foundation for the significant nexus standard is the relationship between a TNW and an adjacent wetland. As such, the Agencies' assertion that all wetlands in a watershed are "similarly situated," regardless of where they are physically located in relation to a TNW, is inconsistent with Just

of such tributaries and, as such, all of t



“other waters” within a watershed will be considered “similarly situated” even though they differ in physical and ecological characteristics, remoteness from TNWs, and quantity and regularity of flow. For example, under the Draft Guidance, the Agencies would consider a lake to be “similarly situated” to a prairie pothole. But these two different types of features are not “similarly situated” with respect to TNWs. The lake is likely to have a much higher quantity of flow and far different physical and ecological characteristics than a prairie pothole. And, the Draft Guidance would consider a “slough” to be “similarly situated” with a playa lake, even though the duration of saturation and the physical and ecological characteristics of those features are quite different. The Agencies cannot equate all “other waters” as “similarly situated” because the features included in that category are so varied.

Under the Draft Guidance, the Agencies use an overbroad application of Justice Kennedy’s “similarly situated” language to aggregate disparate features that may be located miles apart and have different flow regimes and physical and ecological characteristics in the significant nexus analysis. Moreover, the Agencies have failed to provide any scientific support for their application of the “similarly situated” concept. Under the standards set forth in the Draft Guidance, the Agencies will be able to assert jurisdiction over tributaries and other waters that may have minor or modest volume, duration, and frequency of flow and may be located a far distance from navigable waters by asserting, without evidence, that disparate features are “similarly situated.” This broad assertion of jurisdiction is an impermissible expansion of Justice Kennedy’s significant nexus standard.

**d. The Agencies Have Misinterpreted Justice Kennedy’s Significant Nexus Test as Being Satisfied When the Impact Is “More than Speculative or Insubstantial.”**

Justice Kennedy’s significant nexus test requires that there must be a “significant nexus” between the wetland in question and TNWs. *Rapanos*, 547 U.S. at 779. Thus, Justice Kennedy

set a minimum “significance” requirement that the Agencies must establish to assert jurisdiction.

The wetlands in question must “*significantly affect*” the chemical, physical, and biological

not mean that it is “significant.” Yet, this is precisely how the Draft Guidance has interpreted Justice Kennedy’s significant nexus test. In fact, the Agencies’ assertion of jurisdiction over waters with only a “more than ‘speculative or insubstantial’” connection is all too similar to the “any hydrological connection” standard that Justice Kennedy explicitly rejected. Rather, Justice Kennedy made clear in his opinion that waters with a “speculative or insubstantial” connection to TNWs fall far short of this test. Justice Kennedy specifically contrasted wetlands that displayed the requisite significant nexus by virtue of their demonstrable chemical, physical and biological impact to TNWs to waters with only speculative or insubstantial impacts. *Rapanos*, 547 U.S. at 780 (“When, in contrast, wetlands’ effects on water quality are speculative or insubstantial, they fall outside the zone fairly encompassed by the statutory term ‘navigable waters.’”).<sup>42</sup>

Thus, Justice Kennedy drew a sharp distinction between the two extremes on a continuum—those waters with a significant nexus and those waters with only a speculative or insubstantial nexus. The Draft Guidance has attempted to collapse this continuum by ignoring the plain meaning of the word “significant” and transforming Justice Kennedy’s significant nexus test into a merely-more-than-speculative-or-insubstantial test.

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<sup>42</sup> Not only are the Agencies vastly expanding the scope of the significant nexus test, but they are not accurately representing the plain language of the CWA. As explained by Justice Kennedy, “The required nexus must be assessed in terms of the statute’s goals and purposes. Congress enacted the law to ‘restore and maintain the chemical, physical, *and* biological integrity of the Nation’s waters.’” *Rapanos*, 547 U.S. at 779 (citing 33 U.S.C. § 1251(a)) (emphasis added). However, the Draft Guidance substitutes *or* for *and*, thus lowering the threshold to establish a significant nexus. Draft Guidance at 7.

**4. The Agencies Have Ignored Justice Kennedy’s Mandate for a Rulemaking if the Agencies Wish to Establish Categories of Potentially Jurisdictional Wetlands.**

**a. The Draft Guidance’s Aggregation Approach Vitiates Justice Kennedy’s Requirement for Case-By-Case Significant Nexus Analysis.**

The hallmark of Justice Kennedy’s jurisdictional test is a case-by-case determination of whether the water body in question has a significant nexus. Justice Kennedy explained,

the Corps may choose to identify categories of tributaries that, due to their volume of flow (either annually or on average), their proximity to navigable waters, or other relevant considerations, are significant enough that wetlands adjacent to them are likely, in the majority of cases, to perform important functions for an aquatic system incorporating navigable waters.

*Rapanos*, 547 U.S. at 780-81. Justice Kennedy noted that “[a]bsent more specific regulations . . . the Corps must establish a significant nexus on a case-by-case basis when it seeks to regulate wetlands based on adjacency to nonnavigable tributaries.” *Id.* at 782. Thus, absent a rulemaking, to comply with Justice Kennedy’s concurrence, the Agencies must look at each particular wetland individually to determine if it has a significant nexus with TNWs.<sup>43</sup>

The Agencies ignore Justice Kennedy’s case-by-case requirement, however, and intend to evaluate whether the water at issue has a significant nexus with TNWs or interstate waters by aggregating all waters of the same “resource type” within a watershed and looking at whether those “similarly situated” waters, taken together, have a significant nexus to the nearest TNW or interstate water. Draft Guidance at 8. ~~With the B. ep. Q. A. G. p. Q. D. H. E. H. A. p. s. K. G. H. B. D. w. K. B. G. I. D. p. D. H. F.~~

categorical determinations based on “resource types” within a watershed and thereby vitiating Justice Kennedy’s case-by-case requirement. As explained by Justice Kennedy, the Agencies may avoid purely case-by-case analysis only with “more specific regulations.” *See Rapanos*, 547 U.S. at 782. To the extent the Agencies find it advisable to adopt categorical tests, they should proceed through notice and comment rulemaking, as Justice Kennedy instructed. *Id.* at 780-81.

**b. A Significant Nexus Determination for One Water in a Watershed Should Not Bind Other “Similarly Situated” Waters in the Watershed.**

Justice Kennedy’s opinion requires the Agencies to establish a significant nexus on a case-by-case basis when they seek to regulate wetlands. Justice Kennedy also provided that if the Corps established an adequate nexus for a particular wetland, the Corps could “presume covered status for other comparable wetlands in the region.” *Id.* at 782. However, this is not a license for wholesale jurisdiction, but rather a matter of administrative efficiency. *See id.* Absent a rulemaking, Justice Kennedy’s approach still requires an individual examination of

Yet, under the Draft Guidance, “if a significant nexus has been established for one water in the watershed, then other similarly situated waters in the watershed would also be found to have a significant nexus. . . .” Draft Guidance at 9. In other words, because all waters of the same “resource type” within the watershed are considered “similarly situated,” a significant nexus finding for one wetland will apply to all wetlands in the watershed. This is contrary to Justice Kennedy’s requirement that, absent a rulemaking, a significant nexus determination must be made for each wetland on its own merits. To assert jurisdiction over a wetland based solely on its location in a watershed with another jurisdictional wetland is not consistent with Justice Kennedy’s opinion.

Moreover, the Agencies’ assertion of jurisdiction over one wetland based on a significant nexus determination for a different wetland in the watershed would raise several due process concerns. First, a landowner’s interests can be compromised or destroyed by someone else who came before him without the landowner having the opportunity to be involved in the jurisdictional determination for waters on his own property. Second, the landowner may not even have notice or be aware of jurisdictional determinations for other “similarly situated” waters in the same watershed. For example, in the example given above, the landowner at Wetland A would have no reason to know about the Corps’ dispositive determination of Wetland B, and the Draft Guidance makes no attempt to provide such due process to the landowner of Wetland A.

The arbitrariness of the Agencies’ position can be seen by an examination of Exhibit 8. Suppose the Corps found that the wetland at point B is jurisdictional due to its physical proximity to the Colorado River and, by virtue of this proximity, its contribution of significant sediment retention and habitat value to the Colorado River. Such a determination would not

have any bearing on the jurisdictional status of the wetland at point A, which is hundreds of miles away and situated in a different ecosystem. Yet, the Draft Guidance proposes to treat the determination for Wetland B as dispositive of Wetland A, skipping any analysis of Wetland A's remoteness from the Colorado River or the regularity of its connection to the Colorado River. This result is utterly contrary to the entire import of Justice Kennedy's opinion. And the landowner at Wetland A will be unaware that the Agencies have thus remotely and indirectly asserted CWA jurisdiction over water bodies on their land.

Third, if the landowner is bound by a significant nexus determination of another "similarly situated water," the landowner will have no ability to appeal the decision because he will not have a final jurisdictional determination for his parcel that can be challenged. Alternatively, if the Agencies allow anyone to challenge a jurisdictional determination, even if it is not a final jurisdictional determination for their own land, this could lead to an excess of challenges that will cause confusion and delay.

The Agencies may not impose such broad assertion of jurisdiction without conducting a rulemaking that will give those affected notice and the opportunity to comment on the practical implications of the proposed system.

**c. Use of General Studies Instead of Site-Specific Information Is Inconsistent with Justice Kennedy's Opinion.**

As discussed above, absent a rulemaking, Justice Kennedy intended for the Agencies to conduct case-by-case significant nexus evaluations for each particular wetland at issue to determine jurisdiction. *See Rapanos*, 547 U.S. at 782. Indeed, the Fourth Circuit recently held in *Precon Dev. Corp., Inc. v. U.S. Army Corps of Eng'rs*, that general information, such as the documentation of flow of adjacent tributaries, will not suffice to establish a significant nexus under Justice Kennedy's test. 633 F.3d 278, 294 (4th Cir. 2011) (finding that the record

contained insufficient support for the Corps' conclusion that 4.8 acres of wetlands had a significant nexus to the Northwest River, a body of water situated miles away). The Corps argued in *Precon* that the significant nexus test does not require site-specific empirical or quantitative



attempting to side-step the case-by-case inquiry and allow field staff to make significant nexus determinations without specific information on the particular wetland at issue.<sup>44</sup> This is inconsistent with Justice Kennedy's opinion.

The Agencies' attempt to side-step the case-by-case analysis requirement underscores the need for a rulemaking. Unless the Agencies conduct a rulemaking, they must adhere to Justice Kennedy's standard and establish a significant nexus for each particular wetland on a case-by-case basis with site-specific information.<sup>45</sup>

government's assertion that CWA jurisdiction reached iso

Migratory Bird Rule did. The Agencies do not explain the constitutional basis for their interpretation of “significant nexus” or articulate how their reading of “significant nexus” is based on Congress’s commerce power over navigation.

#### **D. Tributaries**

“Tributaries” are currently listed as jurisdictional under the Agencies’ regulations, but the regulations do not define the term. In *Rapanos*, both the plurality and Justice Kennedy were concerned that the Corps’ broad regulations allowed jurisdiction to be extended to water bodies with remote proximity and tenuous connections to TNWs, and without any specific analysis of the connections with the impacted water body itself. *See, e.g., Rapanos*, 547 U.S. at 781-82 (stating that the Corps’ regulations were overbroad because they left “wide room for regulation of drains, ditches, and streams remote from any navigable-in-fact water and carrying only minor water volumes toward it.”). Yet, this is exactly what the Draft Guidance does by adopting an overly broad definition of “tributaries.”

The Draft Guidance defines a water as a tributary if it “contributes flow to a traditional navigable water or interstate water, either directly or indirectly by means of other tributaries.” Draft Guidance at 11. Under the Draft Guidance, a tributary is physically defined by the presence of a channel with a bed and bank, and an ordinary high water mark (“OHWM”). *Id.* This definition of tributary directly conflicts with Justice Kennedy’s rejection of the Corps’ previous standard that deemed a water a tributary “if it feeds into a traditional navigable water

If a feature qualifies as a tributary under the Draft Guidance’s definition, the feature will be jurisdictional if it meets *either* the plurality standard or Justice Kennedy’s standard set forth in *Rapanos* as interpreted by the Draft Guidance.<sup>46</sup> However the Draft Guidance’s interpretations of both the plurality standard and the Justice Kennedy standard are inconsistent with each of the corresponding opinions.

**1. The Draft Guidance Misconstrues the *Rapanos* Plurality’s “Relatively Permanent Waters” Standard and Applies a “Seasonal Flow” Concept that Is Inconsistent with the Plurality Opinion.**

In the *Rapanos* plurality opinion, Justice Scalia chided the Corps for its “expansive interpretation” of “waters of the United States” and criticized the assertion of broad CWA jurisdiction over “ephemeral streams, wet meadows, storm sewers and culverts, directional sheet flow during storm events, drain tiles, man-made drainage ditches, and dry arroyos in the middle of the desert.” *Rapanos*, 547 U.S. at 734. The plurality criticized the Corps for “stretch[ing] the term ‘waters of the United States’ beyond parody” and asserting jurisdiction that goes beyond the plain language of the statute. *Id.* Disagreeing with the government’s expansive interpretation, the plurality construed the statutory term, “the waters of the United States” to include “only relatively permanent, standing or flowing bodies of water . . . connot[ing] continuously present, fixed bodies of water, as opposed to ordinarily dry channels through which water occasionally or

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<sup>46</sup> Although the weight of judicial authority rejects the view that *Rapanos* can be interpreted as having multiple holdings, the

intermittently flows.” *Id.* at 732-33. The plurality acknowledged that an extraordinary circumstance, such as a seasonal drought that would interrupt continuous flow, does not necessarily cause a water to be excluded from classification as “relatively permanent.” *Id.* at 732 n.5. As such, the plurality would allow for jurisdiction over the 290-day, continuously flowing stream referenced in Justice Stevens’s dissent and explained that “[c]ommon sense and common usage distinguish between a wash and seasonal river.” *Id.*

The Agencies have misconstrued the plurality’s jurisdictional test, which emphasized the continuous presence of flow and a connection to TNWs, by asserting in the Draft Guidance that a non-navigable tributary meets the plurality’s “relatively permanent” standard and thus is jurisdictional when it (1) is connected, directly or indirectly, to a downstream TNW, and (2) has at least seasonal flow, except for drought years.

flexible Draft Guidance however, the Agencies may characterize this flow as “seasonal,” completely contrary to the plurality’s clear direction that ephemeral streams are not covered by the “relatively permanent” standard.

Second, the Draft Guidance’s use of the “at least seasonal flow” criterion is inconsistent with the plurality opinion. Under the Draft Guidance, a water has “seasonal flow” when it has “predictable flow during wet seasons in most years.” Draft Guidance at 13. Thus, the Draft Guidance abandons the definition of “seasonal flow” used in the *Rapanos* Guidance which stated that, under the plurality standard, the Agencies would assert jurisdiction over such tributaries based on “continuous flow” and utilize a three month duration (which itself is too short under the plurality opinion). *Rapanos* Guidance at 6-7. Claiming that the length or extent of what is “seasonal” may vary across the country, the Draft Guidance eliminates these elements and grants field staff flexibility to determine what “seasonal flow” means in each particular case. Draft Guidance at 28. But the Draft Guidance’s use of a “seasonal flow” standard is contrary to the *Rapanos* plurality opinion’s “relatively permanent waters” standard. Justice Scalia included a footnote to make clear that by describing jurisdictional waters as “relatively permanent,” the Court “do[es] not necessarily exclude *seasonal* rivers, which contain continuous flow during some months of the year but no flow during dry months . . .,” and he cited to an example of a 290-day, continuously flowing stream. *Rapanos*, 547 U.S. at 732 n.5 (emphasis in original). Simply because the plurality said that seasonal waters are “not necessarily exclude[d]” does not mean that such waters are automatically *included*. Yet this is exactly how the Draft Guidance is using footnote 5. In fact, the Draft Guidance is bold enough to actually cite footnote 5 as support for the reversal of the plurality’s logic. Draft Guidance at 27, n.68. But footnote 5’s acknowledgement of the possibility of CWA jurisdiction over “relatively permanent waters”

whose flow may be interrupted during a seasonal drought, such as a stream that continuously flows for 290 days, does not allow for the assertion of jurisdiction over any water with at least seasonal flow. The seasonal flow concept relied on by the Agencies in the Draft Guidance is contradictory to the plurality’s jurisdictional test and its clear direction that ephemeral streams, wet meadows, and dry arroyos do not come close to meeting this jurisdictional test. *See Rapanos*, 547 U.S. at 732.

With the “plurality standard” for tributaries announced in the Draft Guidance, the Agencies incorrectly rely on the plurality opinion’s “relatively permanent” waters standard and reference to “seasonal rivers” to justify the assertion of CWA jurisdiction over water bodies with remote proximities and tenuous connections to TNWs and all waters with a seasonal flow without any specific duration of the flow throughout one or more seasons. As such, this standard is contrary to limits that the plurality opinion sought to impose on the Agencies’ jurisdiction under the CWA.

**2. The Draft Guidance Misconstrues Justice Kennedy’s Standard for Tributaries by Presuming that if Certain Physical Characteristics Are Established, There Is a Significant Nexus.**

In *Rapanos*, Justice Kennedy criticized the Agencies’ broad definition of tributary:

[T]he Corps deems a water a tributary if it feeds into a traditional navigable water (or a tributary thereof) and possesses an ordinary high-water mark . . . . Yet the breadth of this standard—which seems to leave wide room for regulation of drains, ditches, and streams remote from any navigable-in-fact water and carrying only minor water volumes toward it—precludes its adoption as the determinative measure of [jurisdiction].

547 U.S. at 781. Justice Kennedy was skeptical about the Agencies’ use of the OHWM to establish jurisdiction and noted that in many cases the waters that would be jurisdictional under this broad standard would be “little more related to navigable-in-fact waters than were the isolated ponds held to fall beyond the Act’s scope in *SWANCC*.” *Id.* at 781-82. Rather than

limiting the scope of jurisdiction over tributaries in accordance with the Justice Kennedy concurrence, the Agencies announce a similarly broad standard in the Draft Guidance and ignore Justice Kennedy's concern with the reliance on OHWM to determine jurisdiction.

Under the Agencies' "Kennedy standard" in the Draft Guidance, a tributary is jurisdictional where it (1) is a tributary (has a bed and bank and OHWM) to a TNW or interstate water, and (2) it alone or in combinatio



782. Noting the Agencies' overbroad definition of "tributaries," Justice Kennedy explained that a case-by-case significant nexus evaluation was necessary to "avoid unreasonable applications of the statute." *Id.* As such, the presumption that all waters with a bed and bank and an OHWM will generally meet Justice Kennedy's significant nexus test is contrary to his basic premise. And the Agencies' statement that "Justice Kennedy's opinion may reasonably be read as allowing the agencies to determine that a case-specific significant nexus determination is not necessary for tributaries possessing an ordinary high water mark" is a mischaracterization of his opinion. Draft Guidance at 29.

The Agencies' overly broad definition of "tributaries" is inconsistent with both the *Rapanos* plurality and concurring opinions and ignores the limits that both Justice Scalia and Justice Kennedy sought to impose on the Agencies to prevent the assertion of jurisdiction beyond what is reasonable under the Act.

#### **E. Ditches**

The Agencies' regulations do not define "ditches" as a category of jurisdictional waters. Historically, the Agencies took the position that ditches were excluded from jurisdiction. The Draft Guidance asserts that the scope of waters considered to generally be non-jurisdictional is unchanged. Draft Guidance at 20. And the Agencies cite the preamble t

Agencies do not explain this change, and it is contrary to the Agencies' long-standing practice of excluding upland, drainage, and irrigation ditches from CWA jurisdiction.

Section 4 of the Draft Guidance, makes clear that all *tidal* ditches are jurisdictional as "tributaries" based on being subject to the ebb and flow of the tide (TNWs).<sup>48</sup> Draft Guidance at 12. Section 4 then further asserts jurisdiction over *non-tidal* ditches as "tributaries" if a series of easy-to-meet requirements can be established. *Id.* These requirements, as outlined in the Draft Guidance, indicate that many ditches will likely be deemed jurisdictional. This is a significant change, and, as discussed below, the Coalition believes the Agencies' attempt to regulate these non-tidal ditches goes too far. Most ditches carry flow, contain standing water, and drain areas that have water because the purpose of ditches is to convey water away from a saturated or ponded area (*e.g.*, field or roadway). Under the Draft Guidance, these pervasive features of our landscape may qualify as tributaries, and, thus, may be considered "waters of the United States."

The standard created by the Agencies through this Draft Guidance is "tributaries" based on being subject to the ebb and flow of the tide (TNWs).<sup>48</sup> Draft Guidance at 12. Section 4 then further asserts jurisdiction over *non-tidal* ditches as "tributaries" if a series of easy-to-meet requirements can be established. *Id.* These requirements, as outlined in the Draft Guidance, indicate that many ditches will likely be deemed jurisdictional. This is a significant change, and, as discussed below, the Coalition believes the Agencies' attempt to regulate these non-tidal ditches goes too far. Most ditches carry flow, contain standing water, and drain areas that have water because the purpose of ditches is to convey water away from a saturated or ponded area (*e.g.*, field or roadway). Under the Draft Guidance, these pervasive features of our landscape may qualify as tributaries, and, thus, may be considered "waters of the United States."

**1. Historically, the Agencies Excluded Ditches from CWA Jurisdiction.**

The Corps' 1975 regulations stated explicitly that

waters of the United States.”<sup>54</sup> In addition, in 1983, in proposed jurisdictional rules, the Corps stated “Waters of the United States do not include the following man-made waters: (1) Non-tidal drainage and irrigation ditches excavated on dry land, (2) Irrigated areas which would revert to upland if the irrigation ceased.”<sup>55</sup>

The preamble to 1986 regulations, which adopted the broad Migratory Bird Rule, continued to maintain the exclusion for ditches (“we generally do not consider [drainage and irrigation ditches excavated on dry land] to be ‘Waters of the United States.’”<sup>56</sup>), albeit with a new reservation of “case-by-case” regulatory authority to claim jurisdiction after all. And, in a Regulatory Guidance Letter (“RGL”) dated July 4, 2007, the Corps confirmed that, pursuant to Corps and EPA guidance, upland ditches are generally not subject to CWA jurisdiction. U.S. Army Corps of Eng’rs, RGL No. 07-02: *Exemptions for Construction or Maintenance of Irrigation Ditches and Maintenance of Drainage Ditches Under Section 404 of the Clean Water Act* (July 4, 2007), <http://www.usace.army.mil/CECW/Pages/rxlsindx.aspx>. Nonetheless, the Agencies’ position on ditches has equivocated over time, beginning in the mid- to late-1980s, when the Agencies asserted jurisdiction over ditches on a case-by-case basis, using OHWM and the Migratory Bird Rule tests.<sup>57</sup> At no time did Congress authorize this accretion of

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<sup>54</sup> 45 Fed. Reg. 62,732, 62,747 (Sept. 19, 1980).

<sup>55</sup> 48 Fed. Reg. 21,466, 21,474 (May 12, 1983).

<sup>56</sup> 51 Fed. Reg. at 41,217. The Draft Guidance, citing this preamble, asserts that the Agencies’ position regarding these waters is unchanged. Draft Guidance at 20. However, the Draft Guidance appears to broaden the Agencies’ jurisdiction over ditches. Therefore, the Agencies should clarify that, in accordance with this preamble language and the Agencies’ stated intent to maintain their existing position, upland, drainage, and irrigation ditches are not considered to be waters of the United States.

<sup>57</sup> See e.g., 65 Fed. Reg. 12,818, 12,823-24 (Mar. 9, 2000) (Nationwide Permit (“NWP”) Regulations) (in the March 9, 2000 NWPs, the Corps’ disavowal of jurisdiction shrank to “ditches constructed entirely in upland areas” finding that “non-tidal drainage ditches are waters of the United States if they extend the OHWM of an existing water of the United States”).

administrative authority. The Agencies have expanded their claims of jurisdiction on their own, without any change in the law. And, the Draft Guidance goes even farther.

**2. The Standard for Regulation of *Non-Tidal* Ditches Set Forth in the Draft Guidance Is Equally Broad as the Standard that Was Rejected in *Rapanos*.**

The Draft Guidance asserts jurisdiction over *non-tidal* ditches if the ditch (1) has a bed and bank (anything with a channel appears to meet this requirement); (2) has an OHWM; (3) connects to directly or indirectly to a TNW or interstate water; and (4) meets 1 of 5 characteristics: “natural streams that have been altered (e.g., channelized, straightened or relocated); ditches that have been excavated in waters of the U.S., including wetlands; ditches that have relatively permanent flowing or standing water; ditches that connect two or more jurisdictional waters of the U.S.; or ditches that drain natural water bodies (including wetlands) into the tributary system of a traditional navigable or interstate water.” Draft Guidance at 12. The breadth of these requirements is equally broad (if not broader) than the standard rejected by both the plurality and Justice Kennedy in *Rapanos*.

*Rapanos* made clear that many ditches are excluded from jurisdiction, even ditches that connect waters of the United States. Justice Scalia’s plurality opinion in *Rapanos* emphasized the plain language of the CWA in regulating “navigable” waters and lambasted the agencies for regulating ditches, drains, and desert washes far removed from navigable waters. Justice Scalia interpreted the phrase “the waters of the United States” to include only “those relatively permanent, standing or continuously flowing bodies of water ‘forming geographic features’ that are described in ordinary parlance as ‘streams [,] . . . oceans, rivers, [and] lakes,’” and to exclude “channels through which water flows intermittently or ephemerally, or channels that periodically provide drainage for rainfall.” 547 U.S. at 739. Justice Kennedy noted, with disapproval, that the “dissent would permit federal regulation whenever wetlands lie alongside a ditch or drain,

however remote and insubstantial, that eventually may flow into traditional navigable waters.

The deference owed to the Corps' interpretation does not extend so far." *Id.* at 778-79

(Kennedy, J., concurring). *See also id.* at 757 (Roberts, C.J., concurring) ("The Corps had taken the view that its authority was essentially limitless; [but] this Court explained that such a boundless view was inconsistent with the limiting terms Congress had used in the Act.").

Moreover, even ditches that "connect" waters of the United States may not satisfy Justice Kennedy's "significant nexus" standard if the ditch is remote from the TNW or its flow is small or "speculative." *Id.* at 780-82 (Kennedy, J., concurring) ("Yet the breadth of [the Corps] standard [defining "tributaries"] — which *seems to leave wide room for regulation of drains, ditches, and streams remote from any navigable-in-fact water and carrying only minor water volumes toward it* — precludes its adoption as the determinative measure of whether adjacent wetlands are likely to play an important role in the integrity of an aquatic system....") (emphasis added); *see also id.* at 786 ("[A] similar ditch could just as well be located many miles from any navigable-in-fact water and carry only insubstantial flow toward it. A more specific inquiry, based on the significant nexus standard, is therefore necessary.") Accordingly, under either the Scalia or Kennedy standard, many ditches should be excluded from jurisdiction, and the Agencies should revise the Draft Guidance to be consistent with *Rapanos*.

### **3. Ditches are Prevalent throughout the Country and Necessary to Support the Nation's Infrastructure, Agriculture, Construction, Transportation, and Mining Activities (Among Others) and to Prevent Flooding.**

The issue of ditches is critically important because ditches are pervasive and endemic to every type of landscape and human activity across the Nation. Millions of miles of ditches are encountered, built, and relied on every day by Coalition members, as part of the construction, operation, and maintenance of homes, natural gas pipelines, electric generation facilities and

transmission and distribution lines, agricultural irrigation, rural drains and roads, railroad corridors, and mines located across the country.

Drainage ditches play a major role in all of these activities, ensuring that stormwater is properly channeled away from facilities and from land where it otherwise would pond, interfering with the intended use of the land and facilities. Ditches are also an integral pas, andB







Administration, U.S. Department of Transportation, NPIAS Report to Congress 2009-2013, Sept. 30, 2008). Ditches are also critical for railroad transportation services to maintain sufficient drainage for structurally sound transportation infrastructure. As of 2006, Class I railroads owned and operated 140,249 miles of railroad track. This adds up to a lot of ditches. The vast reach of ditches throughout the country and the many activities that rely upon those ditches demonstrates the profound impact regulating ditches will have on this country.

#### **4. Regulating Ditches Infringes upon State and Local Agencies' Authority.**

The question of whether the federal government has jurisdiction over ditches is profoundly important because the issue implicates “the significance of federalism in the whole structure of the Constitution.” *See Lopez*, 514 U.S. at 575 (Kennedy, J., joined by O’Connor, J., concurring). The Supreme Court recently noted that “[f]ederalism has more than one dynamic. . . . The allocation of powers in our federal system preserves the integrity, dignity, and residual sovereignty of the States. The federal balance is, in part, an end in itself, to ensure that States function as political entities in their own right.” *Bond v. United States*, No. 09-1227, 2011 WL 2369334, at \*2, \*7 (U.S. Jun. 16, 2011).

Congress, when it enacted the CWA, intended to “recogni[ze], preserv[e], and protect[]” the State’s primary authority and responsibility over local land and water resources. 33 U.S.C. § 1251(b). To that end, section 101(g) of the CWA clarifies that each State has authority to “allocate quantities of water within its jurisdiction” and that nothing in the CWA “shall be construed to supersede or abrogate” those rights to quantities of water that have been established by any State. 33 U.S.C. § 1251(g). Further, the federal agencies are instructed to “co-operate with the State and local agencies to develop comprehensive solutions to prevent, reduce and eliminate pollution in concert with programs for managing water resources.” *Id.*

Overreaching interpretations of the CWA, like the Draft Guidance's approach to ditches, threaten to trample the jurisdiction of the several States over land use activities. "[R]egulation of

significant impingement of the States’ traditional and primary power over land and water use.”

*Id.* Similarly, Justice Scalia noted in *Rapanos* that

[t]he extensive federal jurisdiction urged by the Government would authorize the Corps to function as a *de facto* regulator of immense stretches of intrastate land -- an authority the agency has shown its willingness to exercise with the scope of discretion that would benefit a local zoning board.

547 U.S. at 738.

The Draft Guidance, by defining inherently local conveyances, such as ditches, as “waters of the United States,” not only impermissibly intrudes on State and local land use, but also redirects scarce federal and state funding away from more environmentally sensitive and important resources, such as wetlands.<sup>62</sup> Local governments have the most immediate knowledge of the geographic, hydrologic, and geomorphic conditions of the water bodies within their jurisdictions, and should be given the right to decide how best to regulate their local land and water resources. Although the Coalition believes that the Draft Guidance is fundamentally flawed and should be abandoned in total, at a minimum, the Coalition recommends that the Agencies revise any final guidance to make clear that non-tidal man-made ditches, irrigation ditches, MS4s, roadside ditches, county drains, and street gutters, among others, are excluded, as they traditionally have been, from the definition of “waters of the United States.”

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<sup>62</sup> The broad definition of “waters of the United States” proposed in the Draft Guidance would lead to unnecessary, lengthy, and costly permitting requirements for critical public infrastructure projects, which ultimately would delay the delivery of important public services. The added costs associated with this delay would ultimately be borne by taxpayers and at the expense of other public needs.

**5. The Agencies Should Clarify that Point Sources, like MS4s, that Are Regulated Under Section 402 of the CWA, are Not Also “Waters of the United States.”**

The CWA’s regulatory scheme, for all its detail, is quite simple: Congress intended to regulate the discharge of pollutants to “navigable waters” by requiring permits to control pollutants discharged from “point sources.” 33 U.S.C. § 1311(a) (prohibiting the “discharge of any pollutant[s]” unless permitted elsewhere in the Act). CWA section 502 defines the two key terms in this regulatory scheme: “navigable waters” and “point source.” *See* 33 U.S.C. §§ 1362(7), (14). *See also Rapanos*, 547 U.S. at 735 (“The definitions thus conceive of ‘point sources’ and ‘navigable waters’ as separate and distinct categories.”). The term “‘point source’ means any discernible, confined and discrete conveyance, including but not limited to any pipe, ditch, channel, tunnel, . . . from which pollutants are or may be discharged. . . .” 33 U.S.C. § 1362(14) (emphasis added).

The CWA further provides that “‘discharge of a pollutant’ . . . means . . . any addition of any pollutant to navigable waters from any point source. . . .” 33 U.S.C. § 1362(12). The Act thus contemplates that point sources are not themselves “navigable” waters, but instead are “discrete conveyances” for conveying pollutants so as to *add* them to navigable waters. *See Rapanos*, 547 U.S. at 735 (“Most significant of all, the CWA itself categorizes the channels and conduits that typically carry intermittent flows of water separately from ‘navigable waters,’ by including them in the definition of ‘point source.’”). The Draft Guidance ignores this distinction and has the potential to define some well-recognized “point sources” as “waters of the United States.

For example, the Draft Guidance defines ditches in such a broad manner as to potentially cover MS4s and local county drain storm water conveyances that Congress designated as point

sources subject to section 402(p) of the CWA.<sup>63</sup> EPA defines an MS4 as “a conveyance or system of conveyances (including roads with drainage systems, municipal streets, catch basins, curbs, gutters, *ditches*, man-made channels or storm drains)” owned and operated by a State or municipality and “[d]esigned or used for collecting or conveying storm water ....” 40 C.F.R. § 122.26(b)(8) (emphasis added). These systems are owned and operated by public entities, including States, local governments, and special governments created under State law, such as sewer districts, flood control districts, or drainage districts. As point sources, MS4s are required to control the volume while reducing the discharge of pollutants in storm water. “Rather than regulate individual sources of runoff, such as churches, schools and residential property (which one Congressman described as a potential ‘nightmare’), ... Congress put the NPDES permitting requirement at the municipal level to ease the burden of administering the program.” *Nat. Res. Def. Council, Inc. v. Cnty. of Los Angeles*, 636 F.3d 1235, 1247 (9th Cir. 2011).<sup>64</sup> The point being that, because States and local governments are already charged with controlling storm water volume and reducing pollution from urban runoff through the NPDES program, for purposes of administrative efficiency there is no benefit to be gained by treating the same drainage systems as jurisdictional waters. The potential classification of MS4s as “waters of the

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<sup>63</sup> Congress amended the CWA in 1987 and added section 402(p) which, among other things, required EPA to develop regulations for an MS4 permit program regarding stormwater discharges. See 33 U.S.C. § 1342(p)(3)(B), (4). The history of the MS4 permit program, and its phased approach for regulation of municipalities based on their population size is traced in *Env'tl. Def. Ctr., Inc. v. U.S. EPA*, 344 F.3d 832, 841-42 (9th Cir. 2003). According to EPA, approximately 70 percent of the Nation’s population lives within an urbanized area subject to EPA’s MS4 regulations. See U.S. EPA, Fact Sheet 2.2 (EPA 833-F-00-004), *Storm Water Phase II Final Rule, Urbanized Areas: Definition and Description* (Dec. 1999, revised Dec. 2005), <http://cfpub.epa.gov/npdes/stormwater/swfinal.cfm> (last viewed June 26, 2011).

<sup>64</sup> The Ninth Circuit cited a statement from Senator Wallop: “[T]he regulations can be interpreted to require everyone who has a device to divert, gather, or collect stormwater runoff and snowmelt to get a permit from EPA as a point source. ... Requiring a permit for these kinds of stormwater runoff conveyance systems would be an administrative nightmare.” *Id.* (ci

United States” would enormously disrupt State and local government programs to maintain, manage, and treat stormwater discharges under section 402(p).

Indeed, EPA and the Corps have repeatedly stated that MS4s are not “waters of the United States.” In the 1990 preamble to EPA storm water regulations, EPA made clear that storm water runoff *into* municipal sewers (roads, ditches, storm drains, etc.) is not a discharge of a pollutant into a water of the United States. 55 Fed. Reg. 47,990, 47,991 (Nov. 16, 1990) (“[M]ost urban runoff is discharged through conveyances such as separate storm sewers or other conveyances which are point sources under the CWA. These discharges are subject to the NPDES program.”). In fact, one municipality commented “that neither the term ‘point source’ nor ‘discharge’ should be used in conjunction with industrial releases into urban storm water systems because that gives the impression that such systems are navigable waters.” *Id.* EPA responded that, in the regulations, EPA “always addresses such discharges as ‘discharges *through* municipal separate storm sewers’ as opposed to ‘discharges *to* waters of the United States.’” *Id.* (emphasis added). In a 2005 memorandum from EPA’s then General Counsel and Assistant Administrator for Water, the agency confirmed that MS4s are “by definition” *not* CWA “navigable waters.”<sup>65</sup>

Moreover, the case law makes clear that “a two-permit regime is contrary to the statute and the regulations ... [and] would cause confusion, delay, expense, and uncertainty in the permitting process.” *Coeur Alaska, Inc. v. Se. Alaska Conservation Council*, 129 S.Ct. 2458, 2474 (2009) (Op. by Kennedy, J.). The Supreme Court concluded, “[i]n agreement with all of the parties, ... that, when a permit is required to discharge fill material, *either* a § 402 *or* a § 404

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<sup>65</sup> Memorandum from Ann R. Klee, Former General Counsel, and Benjamin H. Grumbles, Former Assistant Administrator for Water, EPA, to Regional Administrators, re: Agency Interpretation on Applicability of Section 402 of the Clean Water Act to Water Transfers, at 18 n.18 (Aug. 5, 2005), <http://www.epa.gov/ogc/documents.htm>.

permit is necessary.” *Id.* (emphasis added). The same principle holds true here -- where a point source, such as an MS4, is regulated under section 402 of the Act, it is contrary to the statute, the case law, and common sense to also treat that “ditch” as a “water of the United States.” It may not have been the Agencies’ intent to regulate MS4s as “waters of the United States,” but the Draft Guidance is broad enough to create confusion.<sup>66</sup> Therefore, the Coalition requests that the Agencies confirm that point sources, such as MS4s, that are regulated by CWA section 402 are not also “waters of the United States.”

## **F. Adjacent Wetlands**

### **1. The Draft Guidance Misconstrues the Plurality Opinion’s “Continuous Surface Connection” Standard.**

In *Rapanos*, the plurality found that “*only* those wetlands with a continuous surface connection to bodies that are ‘waters of the United States’ in their own right, so that there is no clear demarcation between ‘waters’ and wetlands, are ‘adjacent to’ such waters and covered by the Act.” 547 U.S. at 742 (emphasis in original). The plurality emphasized that the *Riverside Bayview* decision finding CWA jurisdiction over wetlands directly abutting a TNW rested upon the inherent ambiguity in defining where water ends and adjacent wetlands begin, whereas the isolated ponds at issue in *SWANCC* did not present the same boundary-drawing problem. *Id.* The plurality explained that “[w]etlands with only an intermittent, physically remote hydrologic connection to ‘waters of the United States’ do not implicate the boundary-drawing problem of *H*



States” (*i.e.*, a relatively permanent body of water connected to a TNW), and (2) the wetland

jurisdiction over wetlands with the type of remote hydrological connection to TNWs that the

Draft Guidance at 16.

This standard gives new criteria for establishing that a wetland meets the Agencies' regulatory definition of "adjacent" and is problematic for several reasons. First, the Draft Guidance is expanding the regulatory definition of "adjacent" to include wetlands with an unbroken *sub-surface* hydrological connection to jurisdictional waters. Because there are many complicated underground hydrological connections and it is unclear what the Agencies are attempting to include with this standard, the Agencies should clarify the meaning of "sub-surface hydrological connections." For example, it is not clear whether this standard includes man-made surface connections or whether there are any limitations on the distance of the sub-surface connection between the "adjacent" wetland and the non-navigable water. Moreover, the Agencies' inclusion of sub-surface hydrological connections as a method of establishing adjacency is new and effectively changes the regulatory definition of "adjacent."

Second, the Draft Guidance expands the term "neighboring" in the Agencies' regulatory definition to include floodplain and riparian areas. This expansion is an apparent overreach of the Agencies' CWA jurisdiction. The Agencies do not state what type of floodplain is intended to define "adjacent," but the most commonly defined floodplain is the 100-year floodplain. If that is what is intended, this goes far beyond the ruling in *Rapanos*.<sup>67</sup> Exhibit 9, for example, depicts the extent of the 100-year floodplain along a stretch of the Illinois River. As evidenced by this map, the 100-year floodplain extends almost 3.5 miles from the Illinois River and thus under this new standard adopted in the Draft Guidance, a wetland situated 3.5 miles away from

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<sup>67</sup> In fact, the *Rapanos* plurality criticized the overbreadth of the Corps' jurisdictional determinations and, as an example, specifically cited the practice of some Corps districts to assert jurisdiction over wetlands "if they lie within the '100-year floodplain' of a body of water—that is, they are connected to the navigable water by flooding, on average, once every 100 years." *Rapanos*, 547 U.S. at 728.

the river could be considered “adjacent”—a far cry from what is generally understood by that term.<sup>68</sup> This pattern of a broad floodplain is not at all unusual and would be repeated in physiographic circumstances where the lands adjacent to the river or stream are flat or level for a long distance. Thus, the Agencies have proposed that wetlands which are miles from the nearest stream or river are nevertheless “adjacent,” in contradiction of the plain meaning of the term and without clear support in the rulemaking at issue in *Riverside Bayview*.<sup>68</sup> In addition, the 100-year floodplain is the area thio

## **G. Other Waters**

### **1. The Agencies’ Use of the Significant Nexus Test for (A)(3) “Other Waters” Is Inconsistent with the Agencies’ Own Regulatory Definition Because it Eliminates the Requirement for an Interstate Commerce Connection.**

The Agencies’ regulations identify “other waters” or “(a)(3)” waters that are subject to CWA jurisdiction as follows:

The term *waters of the United States* means . . . [a]ll other waters such as intrastate lakes, rivers, streams (including intermittent streams), mudflats, sandflats, wetlands, sloughs, prairie potholes, wet meadows, playa lakes, or natural ponds, the use, degradation or destruction of which could affect interstate or foreign commerce including any such waters: (i) [w]hich are or could be used by interstate or foreign travelers for recreational or other purposes; or (ii) [f]rom which fish or shellfish are or could be taken and sold into interstate or foreign commerce; or (iii) [w]hich are used or could be used for industrial purpose by industries in interstate commerce.

33 U.S.C. § 328.3(a)(3). However, in the Draft Guidance, the Agencies appear to be substituting the significant nexus standard for the commerce analysis provided for by the regulatory definition of “waters of the United States.” The Draft Guidance states that the Agencies intend to assert CWA jurisdiction over “other waters that are in close physical proximity to traditional navigable waters” using the same significant nexus analysis discussed in Section IV.C. Draft Guidance at 19. As such, the Draft Guidance abandons the requirement for specific interstate commerce connections that is present in the regulatory definition and creates a new definition for identifying jurisdictional “other waters” that is inconsistent with the Agencies’ own regulations.

### **2. The Agencies’ Creation of Two Categories of Other Waters—Physically Proximate and Non-Physically Proximate—Is a Blatant Change from the Agencies’ Regulations.**

The regulatory definition for “waters of the United States” lists the types of “other waters” that are jurisdictional: “intrastate lakes, rivers, streams (including intermittent streams),

mudflats, sandflats, wetlands, sloughs, prairie potholes, wet meadows, playa lakes, or natural ponds, the use, degradation or destruction of which could affect interstate or foreign commerce.” 33 U.S.C. § 328.3(a)(3). However, in the Draft Guidance, the Agencies provide two categories of “other waters”—those that are “physically proximate” to jurisdictional waters and those that are not. Draft Guidance at 19-20. This is inconsistent with the Agencies’ own regulations. The Agencies may not change the regulatory scheme for jurisdictional “other waters” without undergoing a notice and comment rulemaking.

**3. It Is Impermissible for the Agencies to Treat “Physically Proximate” Other Waters the Same as Adjacent Wetlands.**

Under the Draft Guidance, the Agencies will assert CWA jurisdiction over “physically proximate other waters” where they, alone or in combination with similarly situated proximate other waters in the watershed, have a significant nexus with TNWs or interstate waters. Draft Guidance at 19. The Draft Guidance asserts that because proximate other waters are “non-wetland waters that would satisfy the regulatory definition of ‘adjacent’ if they were wetlands,” the Agencies believe that “it is scientifically appropriate and consistent with Justice Kennedy’s opinion to evaluate significant nexus for such waters in the same manner as for adjacent wetlands.” *Id.* However, the Agencies’ approach is inconsistent with Justice Kennedy’s opinion and with the Ninth Circuit’s decision in *San Francisco Baykeeper*.<sup>71</sup>

As discussed in Section IV.C.3, the use of the significant nexus test for waters other than



substantial doubt whether such evidence exists, in light of the substantial differences between wetlands and the wide array of other features encompassed by “other waters.”

Finally, this aspect of the Guidance would unlawfully attempt to claim jurisdiction over isolated ponds. Exhibit 10 is a depiction of prairie potholes in northern South Dakota. The area colored in yellow is the 100-year floodplain of the James River which has an approximately 1-mile width along this segment of the River. Under the Draft Guidance, the prairie potholes within this colored area could be considered “closely proximate” and could then be aggregated with all sloughs, streams, ponds, and other types of “other waters” within the floodplains of all waters that drain to a TNW, even though prairie potholes are normally perched systems with no surface or subsurface hydrologic connection to the James River or any of those “other waters.” Those prairie potholes and other isolated “other waters” fit squarely within the holdings of *SWANCC* and *San Francisco Baykeeper* and should not be regulated under the CWA.

**4. Non-Physically Proximate Other Waters Are Not Jurisdictional and Should Not Be Subject to a Significant Nexus Analysis.**

Under the Draft Guidance, the Agencies will assert jurisdiction over “other waters that are not physically proximate to jurisdictional waters” using the same significant nexus anoa



ponds that did not actually abut a navigable waterway were not jurisdictional under the CWA. 531 U.S. at 168. The *SWANCC* Court explained that it was the “significant nexus” between the wetlands and “navigable waters” that informed its reading of the CWA in *Riverside Bayview* and that *Riverside Bayview* did not establish that the Corps’ jurisdiction “extends to ponds that are not adjacent to open water.” *Id.* at 167-68 (emphasis in original). Rather, the Court found that “nonnavigable, isolated, intrastate waters”—which unlike the wetlands at issue in *Riverside Bayview* did not actually abut a navigable waterway—were not included as “waters of the United States.” *Id.* at 169, 171. The Court’s holding in *SWANCC*, including its rationale for rejecting jurisdiction in the case of intrastate, non-navigable isolated waters, was reaffirmed in Justice Kennedy’s *Rapanos* concurrence. *See Rapanos*, 547 U.S. at 767. In *SWANCC*, there was no need to perform an elaborate analysis because lack of proximity alone was sufficient to determine there was no significant nexus. Like the ponds at issue in *SWANCC*, “non-physically proximate” other waters are truly isolated waters that are not jurisdictional under the CWA.

numerous referrals for jurisdictional determinations. The referral process will be unduly burdensome to the Corps and increase time delays in the permitting process for applicants.

**V. The Economic Analysis Completed by EPA Both Underscores and Underestimates Impacts of the Draft Guidance.**

The Coalition commissioned a review and analysis of the Agencies' Preliminary Economic Analysis of the Draft Guidance ("Economic Analysis") from Dr. David Sunding, the Thomas J. Graff Professor in the College of Natural Resources at the University of California, Berkeley and the Co-Director of the Berkeley Water Clinic.<sup>72</sup> Following a review of the methods EPA utilized to evaluate the economic impacts of the Draft Guidance, the Sunding Review concludes that (1) the Agencies failed to consider many major categories of impacts; (2) the Economic Analysis, as a whole, significantly underestimated the costs that were quantified, and (3) the Economic Analysis lacks credibility. For these reasons alone, the Coalition recommends that the Agencies redo their Economic Analysis and provide a more detailed and thorough analysis of the true cost impacts associated with implementation of the Draft Guidance.

**A. The Agencies Failed to Consider Many Major Categories of Impacts.**

In estimating the costs associated with the Draft Guidance, the Economic Analysis focuses solely on impacts, under CWA section 404, to future development. Thus, the Economic Analysis entirely fails to consider impacts occurring under any other section of the CWA or other federal law. The Sunding Review provides several examples of activities that are subject

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<sup>72</sup> David Sunding, *Review of EPA's Preliminary Economic Analysis of Guidance Clarifying the Scope of CWA Jurisdiction* (July 26, 2011) (attached hereto as Exhibit 11) (hereinafter "Sunding Review"). Dr. Sunding's biography is attached as Exhibit 12. Dr. Sunding has won several important awards for his research, including grants from the National Science Foundation, EPA, the Departments of the Interior and Agriculture, the State of California, and private foundations. He has served on panels of the National Research Council and the EPA Science Advisory Board. Dr. Sunding's work has been recognized across the country and was cited by the Supreme Court in *Rapanos*.

to NPDES permitting, including MS4s and certain agricultural activities involving application of pesticides. Because the Draft Guidance expands the scope of navigable waters, many additional sources will require NPDES permits for these same activities, but these impacts were not analyzed by the Agencies or included in the Economic Analysis.

The Sunding Review also analyzes the impacts the Draft Guidance will bring to bear upon States. The expansive interpretation of “the waters of the United States” will, for example, lead to an increase in the required state certifications required pursuant to CWA section 401. The increased administrative burden placed upon States’ limited resources, as a result of the Draft Guidance, will lead to “significant expenditures by the states, and increase the backlog for permit processing times.” Sunding Review at 8. Moreover, the Economic Analysis fails to consider the financial burden that will be placed upon facilities subject to the oil spill provisions set forth in section 311 of the CWA and neglects to analyze the impact associated with creating a federal nexus that will subject more private development to consultation under the Endangered Species Act, the National Histori

anticipated in the coming decade, in part in response to EPA air, water, and solid waste regulations that will require upgrades to and replacements of many existing generation facilities, as well as federal and state reliability, open-access, renewable energy, distributed generation, energy efficiency, and demand response initiatives that will require upgrades to electric transmission and distribution infrastructure.

The construction of new and replacement pipelines and electric infrastructure, and the maintenance of existing pipelines and electric infrastructure, may involve relatively few, if any, impacts on aquatic resources, or they may involve the construction of hundreds of miles of pipeline or power lines that can cross large numbers of wetlands and other water bodies, depending on the geography and nature of the project. The expansive view of jurisdiction set forth in the Draft Guidance has the potential to require even more of these activities that have only minimal and temporary impacts to be forced into the cumbersome and delay-ridden permitting process. In turn, that will increase costs and delay meeting the Nation's growing energy demand and critical maintenance and safety-driven activities. These additional costs and delays are ultimately borne by the consumer public in the form of higher energy cost and also by way of the deferral of the non-financial benefits of a project (e.g., supply reliability or the availability of clean-burning natural gas for electric generators and other consumers, including residential consumers).

Thus, the Economic Analysis fails to accurately represent and quantify the costs of compliance with the Draft Guidance.

**B. The Economic Analysis Significantly Underestimates the Costs that Were Quantified.**

The Sunding Review concludes that the Agencies' "simple" analysis, which solely focuses on the section 404 regulatory program, vastly underestimates the costs of compliance

because it “mischaracterizes the actual effects of [section 404] regulation, and underestimates total impacts by focusing only on one aspect of the program, namely mitigation.” Sunding Review at 2. When a party seeks a section 404 permit (either pursuant to a general or individual permit), the Corps typically specifies certain conservation requirements, including avoidance and mitigation. Avoidance requirements entail leaving some portion of the area proposed for development in an undisturbed condition, which, consequently, has significant economic costs because it results in a net loss of developable land. The Sunding Review estimates that this restriction can account for over 80 percent of the market price of the land, but the Agencies’ Economic Analysis fails to account for this loss of value. The Economic Analysis also substantially underestimates the annual estimated processing costs to the applicant for obtaining new section 404 permits. Further, the Economic Analysis does not accurately account for the many time-consuming and expensive delays associated with obtaining a section 404 permit, which can include lost opportunity costs. Finally, mitigation requirements associated with regulation of land under section 404 can impact land development projects by altering costs and output levels and delaying competition. Sunding Review at 3-4.

The Agencies typically seek mitigation requirements that oblige the developer to improve or protect wetlands or other waters either onsite or offsite at specified ratios. Utilizing these cost elements, the Sunding Review presents an expression for the per-acre welfare cost of federal regulation. Sunding Review at 5. The Sunding Review concludes, based on academic research from land markets across the country, that the Agencies’ Economic Analysis “underestimates the costs” of federal land use regulation. *Id.* at 10.

### **C. The Benefits Section of the Agencies’ Economic Analysis Lacks Credibility.**

The Sunding Review casts doubt upon the studies the Agencies have relied on to value the types of wetlands rendered jurisdictional by the Draft Guidance. These studies rely on

questionable methods and, as a result, the Economic Analysis is speculative and misleading. For example, the unit value of wetlands is derived from an unpublished, non-peer reviewed 1998 study

on the agencies to explain their decision making on these important issues in a rulemaking, we set forth some of the concerns below.

**A. CWA Permitting Programs**

**1. Section 404 Permitting Program**

“federal” in nature, could cause significant impacts to a natural resource closely tied to TNWs, and require the true permitting expertise of the Corps and other permitting agencies for environmental protection purposes.

Applying for a section 404 permit triggers many additional requirements that involve consultation with multiple state and federal agencies. For example, as discussed below, permit applicants must obtain a state water quality certification to proceed with the section 404 permit process. In addition, permit applicants may often need to engage in consultations with various federal agencies to evaluate the impacts of the proposed activity under the National Environmental Policy Act, the Endangered Species Act, the National Historic Preservation Act, and other federal statutes. These consultations are often lengthy and burdensome.<sup>75</sup> Moreover, given the technical complexity required for a section 404 permit application, many permit applicants are forced to hire expensive outside consultants to assist with the application. As the number of waters covered by the CWA increases, many more activities and projects will be required to seek a section 404 permit and will be subject to the costly and burdensome requirements of the section 404 permitting process.

In addition, the Agencies’ increased jurisdiction is certain to have impacts on mitigation for streams and wetlands. In a number of Corps districts, there are already limited credits available for third party mitigation, and an increase in jurisdiction will lead to great uncertainty about and possible exhaustion of available mitigation credits. In such situations, this will certainly drive up mitigation costs and, due to the onerous nature of some assessment

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<sup>75</sup> For example, a section 404 permit has enhanced and costly endangered species requirements. Such requirements may include consultations with the Corps, the U.S. Forest Service and other agencies that can, for example, take longer than the time it takes to build a house. The goal for completing such consultations is 135 days—a very long delay. *See* U.S. Government Accountability Office, *Endangered Species: More Federal Management Attention is Needed to Improve the Consultation Process* at 7 (Mar. 2004).



methodologies and other mitigation requirements, this will also substantially increase the amount of time needed to obtain general and individual 404 permits. These increased costs and delays are a serious problem for industry, particularly when they involve critical infrastructure.

Furthermore, once a 404 permit is finally obtained, permittees are subject to general and specific permit conditions that impose restrictive limits on authorized activities. And now, permittees even face the risk that their permit could be retroactively vetoed by the EPA despite their full compliance with its terms and conditions. In 2007, the Corps issued a section 404 discharge permit to Mingo Logan Coal Company (“Mingo Logan”) in connection with the Spruce No. 1 Mine in Logan County, West Virginia. Mingo Logan subsequently operated the mine in compliance with its permit. Nonetheless, more than three years after the Corps issued the 404 permit, EPA exercised its claimed authority to withdraw a discharge authorization so as to effectively revoke the permit over the objections of the Corps and the State of West Virginia. As demonstrated in a report prepared by Dr. Sunding on the economic impacts of EPA’s after-the-fact veto of Arch Coal’s permit, the threat of an EPA retroactive veto makes it more difficult for project developers to rely on essential 404 permits when making investment, hiring, or development decisions, and proponents must now account for the possibility of losing essential discharge authorization after work on the project has been initiated. Exhibit 2, 2011 Sunding Report.

## **2. Section 402 NPDES Permitting Program**

Under section 402 of the CWA, dischargers must obtain a NPDES permit for any point source discharge into “navigable waters.” 33 U.S.C. § 1342(a). With the proposed expansion of the scope of navigable waters to include waters such as remote waters and ditches that were not previously governed by the CWA, many more activities will become classified as discharges that are required to have NPDES permits.

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ditches become regulated, the permit load for the local agency would significantly increase with no federal funding to support the increased burden. This would also create a dual permitting regime that would ultimately result in the delays of construction projects and have negative effects on the creation and sustainability of jobs and economic growth with no environmental gain or benefit. Regulation of ditches could also affect those ditches (with a bed and bank) that are located at an industrial or commercial site used to convey storm water to retention or detention ponds. If the definition of “ditches” does not exclude such conveyances, these regulations will negatively affect wastewater and stormwater conveyances designed to protect the receiving waters prior to discharge. To avoid dual or triplicate regulation, industry, commercial entities, and local, city, and municipal governments would be forced to enclose their open ditch storm water conveyances by replacement with pipe, concrete, or conduit. Funding this type of design change to existing infrastructure would be enormous.

Also, as a practical matter, almost all industrial activities may be confronted with the decision whether to seek a stormwater permit as a result of the Draft Guidance because of the possibility that any drainage ditch near the activity’s site could be a navigable water subject to regulation. And, whenever a permit is obtained, permittees for these industrial activities will be required to monitor discharges from every outfall covered by the permit and adopt costly stormwater control measures that ensure the attainment of numeric and non-numeric effluent limitations, such as relocating activities indoors, implementing erosion controls, adopting maximum spill prevention measures, and diverting or reusing runoff.<sup>76</sup> Similarly, construction activities, such as most home building projects, must obtain stormwater permits whenever they disturb more than one acre of land, or disturb less than one acre but are a part of a common plan

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<sup>76</sup> “Multi-Sector General Permit for Stormwater Discharges Associated With Industrial Activity (MSGP)” at 13, 33, [http://www.epa.gov/npdes/pubs/msgp2008\\_finalpermit.pdf](http://www.epa.gov/npdes/pubs/msgp2008_finalpermit.pdf).

of development that will ultimately disturb one acre or more. By expanding CWA jurisdiction to include all construction activities that discharge into newly covered waters such as ditches, the Draft Guidance could place severe limitations on the location and conduct of virtually all construction projects of eligible size. In addition, the increase in jurisdiction will lead to an increase in the number of water features covered by the new proposed general stormwater permit for construction, which requires a “50-foot buffer of undisturbed natural vegetation between the disturbed portions of your site and the waters of the U.S.”<sup>77</sup> Application of the new buffer zone proposal in the wake of the Draft Guidance’s broad expansion of “waters of the United States” will present extremely

the entire MS4 NPDES permit pre-treatment program would have to be altered. Currently, States regulate contributor

other standard NPDES permit provisions. *Id.* at 6-5, 7-1 to -5. It is estimated that under the new NPDES permit program for pesticides, 365,000 new sources will be required to obtain NPDES permits, but this estimate was made before, and does not account for, the expansion of jurisdiction proposed in the Draft Guidance.<sup>79</sup> Now, with the proposed expansion of the scope of navigable waters to include waters such as ditches that were not previously governed by the CWA, many additional sources will become classified as dischargers that are required to have NPDES permits for pesticides. The Agencies fail to appreciate the costs and legal jeopardy the changes in the Draft Guidance will impose on landowners and pesticide applicators who may encounter newly-defined jurisdictional “waters of the United States” while spraying pesticides, but who are not covered by the simultaneously-issued Pesticide General Permits.<sup>80</sup> Moreover, as discussed above, States are responsible for administering the NPDES permit program. As such, the cost of issuing, monitoring, and enforcing these new NPDES permits for pesticide discharges will fall predominantly on the States at a time when most States are already facing enormous fiscal strains.

**c. Water Quality Standards**

As part of the NPDES program, sectio



navigable water can receive and still meet its water quality standard or designated use. *Id.* § 1313(d)(1)(C). The State must go through this complicated process of calculating a TMDL for each pollutant contributing to the water's impairment. As a result of the Draft Guidance's expansio



The Agencies' proposed expansion in scope will greatly increase the administrative burden borne by the States. For each potential discharge for which a federal permit is sought, the State will have to assess the impact of that activity on navigable waters in the state, determine whether there is a reasonable assurance that the activity will not violate applicable effluent

*Wash. Dep't of Ecology*, 511 U.S. 700 (1994) (allowing State of Washington to condition its certification of a hydroelectric dam for a Federal Energy Regulatory Commission (“FERC”) license on the imposition of minimum stream flow rates where such measures were unrelated to the discharge of a pollutant); *Am. Rivers, Inc. v. FERC*

encompassing amounts that “[c]ause a film or sheen upon or discoloration of the surface of the water,” the primary limiting factor for whether a facility is subject to the SPCC requirements is its location. 40 C.F.R. § 110.3(b), § 112.1(b). This determination is based solely upon “geographical and location aspects of the facilit

should be clarified. First, the Agencies have noted in the Draft Guidance that “it is not the agencies’ intention that previously issued jurisdictional determinations be re-opened as a result of this guidance.” Draft Guidance at 2. The Coalition agrees that any new guidance should not affect previously issued jurisdictional determinations. In addition, the Agencies should confirm that the Draft Guidance will not be used to revisit previously made determinations, even after the expiration of that determination, unless substantia

§ 230.3(s), and, therefore, may not be revised by guidance. *See Paralyzed Veterans of Am.*, 117 F.3d at 579. The Draft Guidance also does not “affect any of the exemptions from CWA section 404 permitting requirements provided by CWA section 404(f), including those for normal agriculture, forestry and ranching practices.” Draft Guidance at 3. Finally, the Agencies state the Draft Guidance “does not address the statutory and regulatory exemptions from NPDES permitting requirements for agricultural stormwater discharges and return flows from irrigated agriculture.” Draft Guidance at 3. The Coalition asks the Agencies to confirm these exclusions and exemptions in any final guidance.

Third, we ask the Agencies to confirm that preliminary jurisdictional determinations (“PJDs”), as defined by 33 C.F.R. § 331.2, will still be utilized, and may be relied on. PJDs serve as a useful tool for members of the Coalition who seek the Corps’ early written view whether there may be jurisdictional waters on a particular parcel. For example, linear projects such as pipelines, by their very nature, can be very long and can cross hundreds of water bodies. The PJD process under Corps RGL 08-02: *Jurisdictional Determinations* (June 26, 2008), <http://www.usace.army.mil/CECW/Pages/rxlsindx.aspx>, is important in allowing these projects when appropriate to presume jurisdiction to avoid delay. Indeed, many members of the Coalition have relied on PJDs and therefore, seek to confirm that the agencies will continue to allow the use of PJDs.

It is quite likely that the Draft Guidance, if issued and implemented, will create a considerable amount of confusion for Corps districts and applicants alike, and to avoid the confusion and delay perpetuated by this Draft Guidance, applicants may need to avail themselves of the PJD process in order to provide necessary goods and services to the public in a timely fashion. Thus, the Agencies need to confirm that applicants still retain the PJD option.

## **VIII. Conclusion**

In sum, we believe that the Guidance misconstrues the relevant Supreme Court cases, is inconsistent with the CWA and the Agencies' regulations, impermissibly expands jurisdiction, fails to follow proper APA procedures, and will impose enormous burdens on EPA and Corps staff, state permitting authorities, and the regulated community, including residents, businesses, and landowners, while providing few if any corresponding benefits. For these reasons, the Agencies should not finalize but instead should withdraw the Draft Guidance.