

Benefits Working Group – Teleconference

October 27, 1998

Executive Summary

1. **Attendance:** absent -- Walter Bishop, Diana Gale, Valerie Lemmie, Bill Allan, Jack DeMarco, Willy Fontenot, Jerome Paulson, John Pickle, all other Working Group Members in attendance

2. **Background and Issues Discussed:**

The Safe Drinking Water Act (SDWA) amendments of 1996 require that EPA fully consider both quantifiable and non-quantifiable benefits that accrue to drinking water regulations; these benefits must be compared with the projected costs of the regulations. EPA will be developing a number of regulations over the next few years which will need to consider costs and benefits in accordance with the new requirements. Development of cost information, while challenging, is fairly well understood. Benefits assessment, by contrast, is less well understood.

The charge to the working group was: to review those quantifiable and non-quantifiable benefits that could be considered when developing drinking water regulations and provide recommendations to the Agency on which benefits should be evaluated in developing its regulations. In addressing the charge, the following questions were considered: 1. What categories of benefits (both qualitative and non-qualitative) should EPA routinely consider in the process of developing its drinking water regulations? 2. How (specifically) should EPA consider qualitative (non-monetizable) benefits in its rulemaking process? 3. How should EPA ultimately compare the results of its benefits evaluations with its cost analysis when developing drinking water regulations?

This was the second teleconference of the working group, each following a face-to-face meeting. In this teleconference, the group discussed additional recommendations that were developed based on discussions of the September 25th meeting. In that meeting, the group had addressed the remaining two questions associated with the charge. The group also developed a new recommendation during the teleconference.

3. **Issues Resolved:** The Working Group agreed on the following recommendations (three recommendations have already been approved by the group).

Recommendation #4: Addressing Non-Quantified Benefits

The Benefits Working Group discussed several issues related to addressing non-quantified benefits, and agreed on the following recommendation:

- EPA should consider both quantified and non-quantified benefits in regulatory decision-making. The information about quantified and non-quantified (qualitative) benefits should be presented together in a format, such as a table, to ensure that decision-makers consider both kinds of information.

Recommendation #5: The Presentation of Information on Benefits and Costs

The Benefits Working Group discussed a number of issues related to the presentation of information on benefits and costs, and agreed on the following recommendation:

- EPA should consider incremental benefits and costs, total benefits and costs, the distribution of benefits and costs, and cost-effectiveness in regulatory decision-making. This information should be presented together in a format, such as a table, to ensure its consideration by decision-makers.

Recommendation #6: Source Water Protection Options

The Benefits Working Group discussed several issues related to addressing increasing source water protection, and agreed on the following recommendation:

- Whenever EPA considers regulation of a drinking water contaminant, it should evaluate and consider, along with water treatment requirements to remove a contaminant, source water protection options to prevent such a contaminant from occurring. The full range of benefits of those options should be considered.

4. Next steps:

A revised draft of a working group report to NDWAC, including the recommendations cited, will be prepared for submittal to NDWAC at its November 17, 1998 meeting