

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE BILL 547

Short Title: Interconnection of Public Water Systems. (Public)

Sponsors: Senator Hartsell (Primary Sponsor).

Referred to: Rules and Operations of the Senate.

March 30, 2015

A BILL TO BE ENTITLED

AN ACT REQUIRING THE INTERCONNECTION OF PUBLIC WATER SYSTEMS OR WASTEWATER SYSTEMS TO REGIONAL SYSTEMS WHEN NECESSARY TO PROMOTE PUBLIC HEALTH, PROTECT THE ENVIRONMENT, AND ENSURE COMPLIANCE WITH DRINKING WATER RULES AND TO REQUIRE THAT AN ANALYSIS OF REASONABLE ALTERNATIVES BE DONE BEFORE CONSTRUCTING OR ALTERING A PUBLIC WATER SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 130A-317(c) reads as rewritten:

"(c) No person or unit of local government shall begin construction or alteration of a public water system or award a contract for construction or alteration unless all of the following conditions are met:

- (1) The plans for construction or alteration have been prepared by an engineer licensed by this State.
- (2) The Department has determined that the system, as constructed or altered, will be capable of compliance with the drinking water rules.
- (3) The Department has determined that the system is capable of interconnection at an appropriate time with an expanding municipal, ~~county~~-county, or regional ~~system~~-system; the Department may require interconnection with a municipal, county, or regional system within a county, or between or among counties if approved by the board of commissioners of each county, if necessary to promote the public health, protect the environment, or ensure compliance with drinking water rules and the systems are all located within the same subbasin as set out in G.S. 143-215.22G.
- (3a) The Department has determined that an analysis has been performed, including a financial analysis, of the reasonable alternatives to the proposed construction or alteration of the public water system and that the analysis indicates that the proposed construction or alteration is appropriate.
- (4) The Department has determined that adequate arrangements have been made for the continued operation, service and maintenance of the public water system.
- (5) The Department has approved the plans and specifications."

SECTION 2. G.S. 130A-317(d)(6) reads as rewritten:

"(d) Municipalities, counties, local boards or commissions, water and sewer authorities, or groups of municipalities and counties may establish and administer within their utility service areas their own approval program in lieu of State approval of water system plans



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1 required in subsection (c) of this section for construction or alteration of the distribution system
2 of a proposed or existing public water system, subject to the prior certification of the
3 Department. For purposes of this subsection, the service area of a municipality shall include
4 only that area within the corporate limits of the municipality and that area outside a
5 municipality in its extraterritorial jurisdiction where water service is already being provided to
6 the permit applicant by the municipality or connection to the municipal water system is
7 immediately available to the applicant; the service areas of counties and the other entities or
8 groups shall include only those areas where water service is already being provided to the
9 applicant by the permitting authority or connection to the permitting authority's system is
10 immediately available. No later than the 180th day after the receipt of an approval program and
11 statement submitted by any local government, commission, authority, or board, the Department
12 shall certify any local program that meets all of the following conditions:

- 13 ...
- 14 (6) Provides that the system is capable of interconnection at an appropriate time
15 with an expanding municipal, county, or regional ~~system~~system and
16 requires interconnection of the system with a municipal, county, or regional
17 system when the Department determines interconnection is necessary to
18 promote the public health, protect the environment, or ensure compliance
19 with drinking water rules and the systems are all located within the same
20 subbasin as set out in G.S. 143-215.22G.
- 21 (6a) Provides that in order for a proposed project to construct or alter a public
22 water system to be approved, an analysis, including a financial analysis, of
23 the reasonable alternatives to the proposed construction or alteration has
24 been performed and that the analysis indicates that the proposed construction
25 or alteration is appropriate."

26 **SECTION 3.** G.S. 143-215.1(b)(4) reads as rewritten:

- 27 "(4) The Commission shall have the power:
- 28 a. To grant a permit with such conditions attached as the Commission
29 believes necessary to achieve the purposes of this Article.
- 30 b. To require that an applicant satisfy the Department that the applicant,
31 or any parent, subsidiary, or other affiliate of the applicant or parent:
- 32 1. Is financially qualified to carry out the activity for which the
33 permit is required under subsection (a) of this section; and
- 34 2. Has substantially complied with the effluent standards and
35 limitations and waste management treatment practices
36 applicable to any activity in which the applicant has
37 previously engaged, and has been in substantial compliance
38 with other federal and state laws, regulations, and rules for
39 the protection of the environment.
- 40 3. As used in this subdivision, the words "affiliate," "parent,"
41 and "subsidiary" have the same meaning as in 17 Code of
42 Federal Regulations § 240.12b-2 (April 1, 1990, Edition).
- 43 4. For a privately owned treatment works that serves 15 or more
44 service connections or that regularly serves 25 or more
45 individuals, financial qualification may be demonstrated
46 through the use of a letter of credit, insurance, surety, trust
47 agreement, financial test, bond, or a guarantee by corporate
48 parents or third parties who can pass the financial test. No
49 permit shall be issued under this section for a privately owned
50 treatment works that serves 15 or more service connections or
51 that regularly serves 25 or more individuals, until financial

- 1 qualification is established and the issuance of the permit
2 shall be contingent on the continuance of the financial
3 qualification for the duration of the activity for which the
4 permit was issued.
- 5 c. To modify or revoke any permit upon not less than 60 days' written
6 notice to any person affected.
- 7 d. To designate certain classes of minor activities for which a general
8 permit may be issued, after considering:
- 9 1. The environmental impact of the activities;
10 2. How often the activities are carried out;
11 3. The need for individual permit oversight; and
12 4. The need for public review and comment on individual
13 permits.
- 14 e. To designate certain classes of minor activities for which:
- 15 1. Performance conditions may be established by rule; and
16 2. Individual or general permits are not required.
- 17 f. To require connection to a municipal, county, or regional wastewater
18 system if necessary to promote public health, protect the
19 environment, or ensure compliance with water quality rules and the
20 systems are all located within the same subbasin as set out in
21 G.S. 143-215.22G."

22 **SECTION 4.** G.S. 143-215.1(f) reads as rewritten:

- 23 "(f) Local Permit Programs for Sewer Extension and Reclaimed Water Utilization. –
24 Municipalities, counties, local boards or commissions, water and sewer authorities, or groups of
25 municipalities and counties may establish and administer within their utility service areas their
26 own general permit programs in lieu of State permit required in G.S. 143-215.1(a)(2), (3), and
27 (8) above, for construction, operation, alteration, extension, change of proposed or existing
28 sewer system, subject to the prior certification of the Commission. For purposes of this
29 subsection, the service area of a municipality shall include only that area within the corporate
30 limits of the municipality and that area outside a municipality in its extraterritorial jurisdiction
31 where sewer service or a reclaimed water utilization system is already being provided by the
32 municipality to the permit applicant or connection to the municipal sewer system or a reclaimed
33 water utilization system is immediately available to the applicant; the service areas of counties
34 and the other entities or groups shall include only those areas where sewer service or a
35 reclaimed water utilization system is already being provided to the applicant by the permitting
36 authority or connection to the permitting authority's system is immediately available. No later
37 than the 180th day after the receipt of a program and statement submitted by any local
38 government, commission, authority, or board the Commission shall certify any local program
39 that does all of the following:
- 40 (1) Provides by ordinance or local law for requirements compatible with those
41 imposed by this Part and the rules implementing this Part.
- 42 (2) Provides that the Department receives notice and a copy of each application
43 for a permit and that it receives copies of approved permits and plans upon
44 request by the Commission.
- 45 (3) Provides that plans and specifications for all construction, extensions,
46 alterations, and changes be prepared by or under the direct supervision of an
47 engineer licensed to practice in this State.
- 48 (4) Provides for the adequate enforcement of the program requirements by
49 appropriate administrative and judicial process.

- 1 (5) Provides for the adequate administrative organization, engineering staff,
2 financial and other resources necessary to effectively carry out its plan
3 review program.
- 4 (6) Provides that the system is capable of interconnection at an appropriate time
5 with an expanding municipal, county, or regional ~~system~~system and
6 requires interconnection of the system with a municipal, county, or regional
7 system when the Commission determines interconnection is necessary to
8 promote the public health, protect the environment, or ensure compliance
9 with water quality rules and the systems are all located within the same
10 subbasin as set out in G.S. 143-215.22G.
- 11 (6a) Provides that in order for a proposed project to construct or alter a public
12 sewer system to be approved, an analysis, including a financial analysis, of
13 the reasonable alternatives to the proposed construction or alteration has
14 been performed and that the analysis indicates that the proposed construction
15 or alteration is appropriate.
- 16 (7) Provides for the adequate arrangement for the continued operation, service,
17 and maintenance of the sewer or a reclaimed water utilization system.
- 18 (8) Is approved by the Commission as adequate to meet the requirements of this
19 Part and the rules implementing this Part."

20 **SECTION 5.** G.S. 143-215.1(b) is amended by adding two new subdivisions to

21 read:

- 22 (6) No permit for a new or expanded municipal waste treatment system or
23 nonmunicipal waste treatment system (human waste only) shall be issued,
24 unless the applicant satisfies all of the following criteria:
- 25 a. Has adopted a plan to implement a program to reduce demand and
26 manage existing capacity by reducing or eliminating stormwater and
27 groundwater infiltration and intrusion into collection lines.
- 28 b. Has performed and submits an analysis, including a financial
29 analysis, of reasonable alternatives to the proposed new or expanded
30 waste treatment system, including the consideration of discharging to
31 created wetlands and the beneficial reuse of treated wastewater for
32 nondrinking water purposes, and that the analysis indicates that the
33 proposed new or expanded system is appropriate.
- 34 c. Can demonstrate that the proposed new or expanded waste treatment
35 facility will be planned, designed, and constructed to facilitate or
36 accommodate eventual interconnection with adjoining systems or
37 regional waste treatment systems located within the same subbasin as
38 set out in G.S. 143-215.22G.
- 39 (7) In deciding whether to grant a permit application under subdivision (6) of
40 this subsection, the Commission may consider whether the applicant is
41 making adequate progress in the implementation of sub-subdivision a. of
42 subdivision (6) of this subsection and may consider whether the applicant
43 could feasibly choose an alternative under sub-subdivision b. of subdivision
44 (6) of this subsection that will provide better protection for water quality."

45 **SECTION 6.** The Commission for Public Health shall adopt rules to implement
46 G.S. 130A-317, as amended by Sections 1 and 2 of this act, by October 1, 2015. The
47 Environmental Management Commission shall adopt rules to implement G.S. 143-215.1, as
48 amended by Sections 3, 4, and 5 of this act by October 1, 2015.

49 **SECTION 7.** This act is effective when it becomes law.