

Fiscal Estimate — 2009 Session

<input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected <input type="checkbox"/> Supplemental	LRB Number Bill Number	Amendment Number if Applicable Administrative Rule Number DG-24-10
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Subject
 Water Conservation and Water Use Efficiency Rule

Fiscal Effect

State: No State Fiscal Effect
 Indeterminate

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- | | |
|----------------------------------------------------------|-----------------------------------------------------|
| <input type="checkbox"/> Increase Existing Appropriation | <input type="checkbox"/> Increase Existing Revenues |
| <input type="checkbox"/> Decrease Existing Appropriation | <input type="checkbox"/> Decrease Existing Revenues |
| <input type="checkbox"/> Create New Appropriation | |

Increase Costs — May be possible to absorb within agency's budget.

Yes No

Decrease Costs

Local: No Local Government Costs

Indeterminate

- | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. <input checked="" type="checkbox"/> Increase Costs
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory

2. <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory

4. <input type="checkbox"/> Decrease Revenues
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Governmental Units Affected:
<input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Villages <input checked="" type="checkbox"/> Cities
<input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <input type="checkbox"/> Water Utilities
<input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts |
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Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Chapter 20 Appropriations

20.370 (4)(cg), 20.370 (4)(ai)

Assumptions Used in Arriving at Fiscal Estimate

Water Conservation and Water Use Efficiency Rule Summary:

This new rule clarifies and further defines new statutory requirements for water conservation and water use efficiency for withdrawals of waters of the state within the Great Lakes Basin, diversions of water from the Great Lakes Basin, and water withdrawals statewide that require a water loss approval. The new law implements the following:

- Specifies mandatory water conservation and efficiency measures for waters of the Great Lakes Basin and withdrawals statewide that require a water loss approval (i.e. withdrawals resulting in a water loss averaging more than 2,000,000 gallons per day in any 30-day period).
- Promotes voluntary statewide water conservation through the identification of water conservation and efficiency measures.
- Guides other Department regulatory, planning, resource management, liaison and financial aid determinations.

Persons subject to this chapter are categorized into one of 3 tiers:

- Tier 1 includes new and increased withdrawals in the Great Lakes Basin that average 100,000 gallons per day or more in any 30-day period but that do not equal at least 1,000,000 gallons per day for any 30 consecutive days.
- Tier 2 includes new and increased withdrawals in the Great Lakes Basin that equal 1,000,000 gallons per day or more for any 30 consecutive days.
- Tier 3 includes new and increased diversions in a community or county that straddles the sub-continental divide and new and increased withdrawals statewide that will result in a water loss averaging more than 2,000,000 gallons per day in any 30-day period.

This tiered approach is being used to differentiate between the requirements for different types and levels of regulated activities. The level of water conservation and efficiency requirements are increased from Tier 1, to Tier 2, to Tier 3.

Long-Range Fiscal Implications

None.

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Authorized Signature	Telephone No.	Date (mm/dd/ccyy)
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Page 2 Assumptions Narrative Continued

LRB Number	Amendment Number if Applicable
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Assumptions Used in Arriving at Fiscal Estimate – Continued

In addition to completing a Water Conservation Plan, there are four mandatory water conservation and efficiency measures (CEMs) for all persons for whom water conservation and efficiency requirements are mandatory under this chapter. These CEMs have been determined to be cost effective, environmentally sound and economically feasible for all water use sectors. Implementation of additional CEMs are required for Tier 2 and Tier 3 only.

The rule sets forth definitions, sector-specific water conservation and efficiency measures, elements of a water conservation plan, procedures for conducting an analysis of whether a conservation and efficiency measure is environmentally sound and economically feasible, a process for approval and reporting, and a process for enforcement.

Fiscal Impact:

State Fiscal Impact

All costs that the Department will incur are the result of the water conservation and efficiency requirements enacted in 2007 Wisconsin Act 227.

The primary financial impact to the state will be the review of water conservation plans, which include documentation of the implementation of water conservation and efficiency measures. This review will be done internally by a Water Supply Specialist-Advanced. Annually, an estimated 30 water withdrawers will be impacted by this rule. Additionally, there will be annual costs associated with outreach on the voluntary water conservation and efficiency program, which will be done internally by a Natural Resources Staff Specialist. There will be a one-time cost to develop tools for water users to conduct an economical feasibility analysis.

Additionally, state facilities with new or increased withdrawals in the Great Lakes basin will have to comply with this rule. For example, the state operates several fish hatcheries that may be financially impacted if they expand or a new hatchery is established and need a new or increased water withdrawal. However, the Department cannot reliably predict the number of state-owned facilities in the Great Lakes basin that will require a new or increased water withdrawal above the threshold levels, therefore the assumptions included for the state fiscal effect below do not include dollar amounts for fiscal impacts for state fish hatcheries or other state-owned facilities.

Annual State Fiscal Impact

Estimated number of persons annually subject to NR 852 = 30 water withdrawers
Hours for the Department to review and approve water conservation plans = 20 hrs x 30 plans = 600
Annual fiscal impact to the Department for water conservation plan review = \$35/hr x 600 hours = \$21,000
Full time equivalent (FTE) for water conservation plan review = 600 hrs / 1820 hrs/FTE = 0.3 FTE
Annual fiscal impact to the Department for water conservation outreach = \$35/hr x 420 hrs = \$14,700
Full time equivalent (FTE) for water conservation outreach = 420 hrs / 1820 hrs/FTE = 0.2 FTE
TOTAL ANNUAL STATE FISCAL IMPACT = \$35,700 or 0.50 FTE

One-Time State Fiscal Impact

Estimated number of hours to complete economically feasible analysis tools = 1040 hrs
Economically feasible analysis tool development (developed internally) = 1040 hrs/1820 hrs/FTE = 0.6 FTE
One-time state fiscal impact for tool development (developed internally) = \$35/hr x 1040 hrs = \$36,400
One-time state fiscal impact for tool development (contracted out) = \$70/hr x 1040 hrs = \$72,800
TOTAL ONE-TIME STATE FISCAL IMPACT = \$109,200

Local Government

The Department assumes that approximately 5 municipal water systems per year will apply for a new or increased withdrawal and will be required to complete a water conservation plan and implement water conservation and efficiency measures. The number of permittees may increase in the long term along with continued population growth and increased economic activity.

Water conservation and efficiency measures do not include retrofitting requirements, but rather, the required elements include planning and operational changes to achieve water savings. CEMs included in this rule are designed to be revenue neutral; planning costs incurred should be offset by capital and operational costs avoided. If an element is not economically feasible as determined by a prescribed analysis, the water system will not be required to implement it. The cost to the permittee will primarily be an upfront cost to complete a water conservation plan and establish CEMs. In subsequent years, water savings can be achieved with minimal capital and operational costs.

Public water systems regulated by the Public Service Commission have the ability to recover conservation and efficiency related costs through rates charged to customers.

Annual Local Government Fiscal Impact

Number of hours for permittee to complete requirements = 160
Fiscal impact to each individual permittee = \$50/hr x 160 = \$8,000
Local government permittees affected = 15% of 30 = 5 water withdrawers
Total annual impact to local government sector = 5 x \$8000 = \$40,000

Private Sector

The private sector will be impacted by this rule in 6 areas: (1) Privately owned “public” water supply systems; (2) Commercial and institutional businesses with their own water supply; (3) Dairy farm and livestock operations (including aquaculture) with their own water supply; (4) Agricultural irrigation operations with their own water supply; (5) Industrial operations on their own water supply; (6) Electric power production using water in their process; and (7) Other water users with their own water supply. It is estimated that the number of hours for a permittee to complete the water conservation plan and applicable water conservation and efficiency measures would be equivalent to the hours required of a public water system (local government) permittee (160 hours/permittee).

Annually, approximately 25 private sector water withdrawers are estimated to trigger a new or increased withdrawal and will be required to complete a water conservation plan and implement water conservation and efficiency measures. The number of permittees may increase in the long term along with continued population growth and increased economic activity.

Water conservation and efficiency measures do not include retrofitting requirements, but rather, the required elements include planning and operational changes to achieve water savings. CEMs included in this rule are designed to be revenue neutral; planning costs incurred should be offset by capital and operational costs avoided. If an element is not economically feasible as determined by a prescribed analysis, the water system will not be required to implement it. The cost to the permittee will primarily be an upfront cost to complete a water conservation plan and establish CEMs. In subsequent years, water savings can be achieved with minimal capital and operational costs.

Annual Private Sector Fiscal Impact

Number of hours for permittee to complete requirements = 160 hours
Fiscal impact to each individual permittee = \$50/hr x 160 = \$8,000
Privately owned permittees affected = 85% of 30 = 25 water withdrawers
Total annual impact to private sector = 25 x \$8000 = \$200,000

Fiscal Estimate Worksheet — 2009 Session
 Detailed Estimate of Annual Fiscal Effect

- Original Updated
 Corrected Supplemental

LRB Number	Amendment Number if Applicable
Bill Number	Administrative Rule Number DG-24-10

Subject
 Water Conservation and Water Use Efficiency Rule

One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

Annualized Costs:		Annualized Fiscal Impact on State Funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations — Salaries and Fringes		\$	\$ -
(FTE Position Changes)		(FTE)	(- FTE)
State Operations — Other Costs			-
Local Assistance			-
Aids to Individuals or Organizations			-
Total State Costs by Category		\$	\$ -
B. State Costs by Source of Funds			
GPR		\$	\$ -
FED			-
PRO/PRS			-
SEG/SEG-S			-
State Revenues	Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Revenue	Decreased Revenue
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S			-
Total State Revenues		\$	\$ -

Net Annualized Fiscal Impact

	<u>State</u>	<u>Local</u>
Net Change in Costs	\$ _____	\$ _____
Net Change in Revenues	\$ _____	\$ _____

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