

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

<b>1. Type of Estimate and Analysis</b> <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected	<b>2. Date</b> 10/11/2022
<b>3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable)</b> NR 812 – Well Construction and Pump Installation DG-08-22	
<b>4. Subject</b> Updating chapter NR 812 to allow for the use of new cement formulations for the construction of water wells	
<b>5. Fund Sources Affected</b> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	<b>6. Chapter 20, Stats. Appropriations Affected</b> N/A
<b>7. Fiscal Effect of Implementing the Rule</b> <input checked="" type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Could Absorb Within Agency's Budget	
<b>8. The Rule Will Impact the Following (Check All That Apply)</b> <input type="checkbox"/> State's Economy <input type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units <input type="checkbox"/> Public Utility Rate Payers <input checked="" type="checkbox"/> Small Businesses (if checked, complete Attachment A)	
<b>9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1).</b> \$ 0	
<b>10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>11. Policy Problem Addressed by the Rule</b> It has recently come to the attention of the department that the companies that manufacture cement for sale and distribution in Wisconsin and surrounding states have switched from producing Type I Portland cement and are now only producing Type II cement. Individual manufacturers made the change to reduce the carbon footprint of their product. This was not prompted by a change in regulations. Some manufacturers completely switched over to producing and selling Type II cement in 2021, but many end users of cement, including well drillers and pump installers, were not notified until April of 2022. It is anticipated that in the coming months, it will be difficult or impossible to find Type I cement in Wisconsin, which is needed for grouting or sealing of water wells or drillholes with neat cement as required by ch. NR 812, Wis. Adm. Code.  Currently ch. NR 812, Wis. Adm. Code does not allow the use of Type II cement and this rule will allow well driller and pump installers to continue to construct and fill and seal wells requiring neat cement in a compliant manner. It is paramount that well drillers have access to code-compliant materials they need to seal an annular space on a new well, or fill and seal an unused well or drillhole. Properly grouting, sealing, and filling water wells and drillholes is necessary to ensure safe drinking water and to prevent contamination of the State's groundwater.	
<b>12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments.</b> Well drillers, heat exchange drillers, pump installers, water sample analysis laboratories, the Wisconsin Water Well Association and the Wisconsin Geothermal Association were represented at advisory meetings. The Wisconsin Water Well Association was represented and submitted comments at a public hearing. These entities were contacted during the comment solicitation period.	
<b>13. Identify the Local Governmental Units that Participated in the Development of this EIA.</b> This rule does not impact local government units directly.	
<b>14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local</b>	

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Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

The total economic impact is estimated to be \$ 0 per year. The cost of producing Type IL cement is slightly lower than the cost of producing Type I cement, however, it appears that cement suppliers are not passing those modest cost savings on to their customers. Therefore, the purchase price of Type IL cement will continue to be the same as the purchase price of Type I cement.

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15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

Given that Type I cement is becoming less available, and will be eventually completely unavailable, the obvious benefit is a continued supply of cement for grouting, filling and sealing of wells.

Alternatives include not amending the rule, resulting in a statewide shortage or absence of code-compliant materials. Alternatively, allowing a wider variety of cement types for grouting, which would be difficult to regulate and cause confusion among the regulated community.

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16. Long Range Implications of Implementing the Rule

The long-range implication will be the same as the short-range implication of this rule.

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17. Compare With Approaches Being Used by Federal Government

Private well construction and pump installation is not regulated by the federal government. There is no comparable federal government approach to this rule.

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18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Neighboring states are also having to switch to Type IL cement; in fact, Michigan is closely following Wisconsin's rule revision to assist in their own regulatory changes for this issue.

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19. Contact Name

Frank Fetter

20. Contact Phone Number

(608) 264-6139

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### ATTACHMENT A

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1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

The total economic impact (compliance and implementation) of this rule is expected to be incurred by small business. The total economic impact is estimated to be \$ 0.

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2. Summary of the data sources used to measure the Rule's impact on Small Businesses

Discussions with Well drillers and Cement Suppliers. Well drillers have not seen any changes in the cost for neat cement, and Cement Suppliers have no plans to change the cost of neat cement due to the change to type IL cement.

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3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

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4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

No measurable impact on small businesses is anticipated.

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5. Describe the Rule's Enforcement Provisions

NR 812 has civil and criminal provisions as well as citation authority for certain specific violations.

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6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes     No
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